TRACKAGE RIGHTS AGREEMENT
Madawaska, Maine – Saint Leonard, New Brunswick

THIS AGREEMENT is made and entered into this ____ day of _____, 201_ by and between Montreal, Maine & Atlantic Railway Ltd., a Delaware corporation, ("MMA"), and _____ [short line selected by Maine] ("Short Line "), sometimes each singularly referred to as a "Party" and collectively referred to below as "the Parties."

RECITALS

Under a sale and purchase agreement dated as of January __, 2011 (the "PSA"), the State of Maine, acting by and through its Department of Transportation ("MaineDOT"), has purchased approximately 233 miles of railroad from MMA connecting to MMA at Mile Post ("MP") 260 of MMA's Madawaska Subdivision south of Madawaska, Maine and MaineDOT has selected Short Line to operate the lines of railroad that Maine DOT has purchased from MMA south of MP 260; and

Under the PSA, and as an integral part of the consideration for the purchase by MaineDOT, MMA has agreed to grant to Short Line overhead trackage rights over the MMA tracks between the said MP 260 of MMA's Madawaska Subdivision and the connection with the Canadian National Railways ("CN") at MP 194.1 of CN's Nappadoggin Subdivision at St. Leonard, New Brunswick, including the trackage between MP 260 and the connection with MMA's Van Buren Subdivision at MP 264 and between the connection with MMA's Van Buren Subdivision and MP V 22.7 of the Van Buren Subdivision, and between MP V 22.7 of the Van Buren Subdivision and the connection with CN at MP 194.1 of CN's Nappadoggin Subdivision, including the trackage across the Van Buren Bridge, , a distance of 27.73 miles, and the track between MP V 22,7 and MP V 23.72 for headroom (the "Subject Trackage") in order to connect, and interchange cars, with MMA and with CN and such other uses as described herein, and MMA has agreed to allow such use on the terms and conditions set forth below; and

MMA is the owner of the Subject Trackage and has the power to grant the rights described herein.

IN CONSIDERATION of the foregoing premises and the mutual covenants set forth below, the considerations set forth in the PSA, and intending to be legally bound, the Parties hereby agree as follows:

Section 1. GRANT OF RIGHTS; USE OF SUBJECT TRACKAGE

1.1 Attached to, incorporated in and made a part of this Agreement is a print dated January 4, 2011, marked Exhibit A, which shows in solid red line the Subject Trackage between the points designated as point "A" at MP 260 south of Madawaska and point "B" at MP 194.1 of CN's Nappadoggin Subdivision at St. Leonard. The term "Subject Trackage" includes all of MMA's trackage, facilities and appurtenances, signals and switches located on the line between these points and interchange trackage at St. Leonard, and includes MMA's main track between MP V 22.70 and MP V 23.72 at Van Buren for headroom, and track connections at the end points. Subject to the terms and conditions contained in this Agreement, MMA hereby grants to Short Line the right to use the Subject Trackage for the operation of its trains, locomotives, cabooses, and cars, including track inspection cars and work or wreck equipment in its account, over the Subject Trackage, in common with such other railway company or companies as MMA may at any time in the future admit to the use of all or any part of the Subject Trackage, in order to interchange or run-through traffic between Short Line and CN at St. Leonard, and to interchange traffic with MMA at MMA's Madawaska Yard (between MP 263.04 and MP 263.83 of the Madawaska Subdivision). Short Line shall have the right to operate in either direction over the Subject Trackage. MMA's right to use the Subject Trackage shall not be diminished by this Agreement. MMA shall retain the exclusive right to grant to other persons rights of any nature in the Subject Trackage; provided, however, that any such grant shall not impair or unreasonably interfere with the rights granted to Short Line pursuant to this Agreement.

1.2 MMA hereby grants to Short Line the right to use the Subject Trackage at St. Leonard for the interchange or run-through of traffic between Short Line and CN. MMA's officers shall designate from time to time which portions of the Subject Trackage shall be used for such purposes. Cars so interchanged between CN and Short Line will be promptly forwarded to destination, and not held at St. Leonard for purposes of storage. For all purposes pursuant to this Agreement, the term "Short Line" shall include CN when the locomotives or cars of CN are on the Subject Trackage, including tracks designated for interchange, for purposes of interchange with the Short Line. For all purposes pursuant to this Agreement, the term "MMA" shall include CN when the

locomotives or cars of CN are on the Subject Trackage, including tracks designated for interchange, for purposes other than for purposes of interchange with the Short Line.

1.3 Short Line shall not have the right, except as otherwise provided in this Section 1, to:

(a) Handle any traffic originating or terminating at any point whatsoever at the St. Leonard end point of, on or served by or accessed from, the Subject Trackage. Nothing in this Agreement shall permit, or be construed to permit, Short Line to operate to or provide service at the customer facility at St. Leonard, New Brunswick.

(b) Switch, store or service cars or equipment, or make or break up trains, except to interchange with MMA in MMA's Madawaska Yard under an interchange agreement between MMA and Short Line of even date, and to interchange with CN at St. Leonard, and except for emergency use as set forth herein.

(c) Permit or admit any third party to the use of all or any part of the Subject Trackage, nor under the guise of doing its own business, contract, or make any agreement to handle as its own over the Subject Trackage the trains, locomotives, cabooses or cars of any third party which in the normal course of business would not be considered as the trains, locomotives, cabooses or cars of Short Line; provided, however, that the foregoing shall not prevent Short Line, pursuant to a run-through agreement with any railroad, or a bona fide equipment lease, from using the locomotives and cabooses of another railroad as its own under this Agreement.

(d) Construct tracks connecting to the Subject Trackage or to handle any traffic originating or terminating on any such tracks that may be constructed by MMA in the future.

1.4 The rights granted under the terms of this Agreement are restricted to the movement and interchange of cars described in Sections 1.1 and 1.2 above. Short Line agrees not to seek access to industries or interchange with other carrier(s) from or over the Subject Trackage, other than as permitted in this Agreement. In the event that Short Line seeks or obtains such access to industries or interchange contrary to this provision, MMA, at its option, may treat such action as an Event of Default.

Section 2. CONSTRUCTION, REPAIR, MAINTENANCE, ADDITIONS TO, OPERATION AND CONTROL OF THE SUBJECT TRACKAGE

2.1 The construction, maintenance, repair and renewal of the Subject Trackage shall be under the exclusive direction and control of MMA and its agents and contractors. MMA may make any additions to the Subject Trackage which MMA deems necessary or desirable for the safe, efficient and economical use of the Subject Trackage by the Parties, and any such additions shall become part of the Subject Trackage upon completion of construction. If and to the extent additional interchange tracks or facilities are required, in the sole discretion of MMA, in the future to accommodate the interchange of traffic between MMA and the Short Line, or CN and the Short Line, then MMA shall, at its sole expense, construct or provide such additional tracks or facilities.

2.2 The management, operation and train dispatching of the Subject Trackage shall be under the exclusive direction and control of MMA and its agents and contractors. Short Line in its use of the Subject Trackage shall comply in all respects with the safety rules, operating rules and other regulations of MMA, and the movement of Short Line's trains, locomotives, cars, and equipment over the Subject Trackage shall at all times be subject to the orders of the transportation officers of MMA. Short Line's trains shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as published in Railway Line Clearances or as contained herein, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by MMA's operating rules and regulations or contained herein without the prior consent of MMA. MMA shall have the unrestricted right to change the management of and operations on and over the Subject Trackage as in its judgment may be necessary, expedient or proper for the operation of the Subject Trackage pursuant to this Agreement, provided that any such change shall not materially interfere with Short Line's right to use the Subject Trackage for the purpose defined in Section 1. The manning of Short Line's trains shall be under the direction and control of Short Line during the term of the Agreement.

2.3 MMA and its agents and contractors shall employ all persons necessary to maintain, repair and renew the Subject Trackage. The Subject Trackage shall be maintained to a standard not less than FRA Class 2, and 263,000 pounds gross rail load per car of 40 feet or longer over pulling faces, which is the general standard in effect as of the date of this Agreement. The parties acknowledge that the Subject Trackage needs to be upgraded to be compliant with FRA Class 2. MMA agrees to do the work necessary to make the Subject Trackage fully compliant during the first construction season following closing under the PSA, subject to the force majeure

provisions of Section 9.3 of this Agreement. Upon the submission of necessary documentation, the State shall provide reimbursement to MMA up to the available amount remaining under the most recent Rail Funding Agreement, for purposes of the work to be done on the Subject Trackage during the first construction season.

2.4 MMA shall be bound to use only reasonable and customary care, skill and diligence in the operation, maintenance, repair, renewal and management of the Subject Trackage and Short Line shall not, by reason of MMA's performing or failing, or neglecting to perform any operation, maintenance, repair, renewal or management of the Subject Trackage, have or make against MMA any claim or demand for loss, damage, destruction, injury or death whatsoever resulting from MMA's performance, failure or neglect.

2.5 MMA shall perform, at the sole expense of Short Line and within a reasonable time period, such additional maintenance as Short Line may reasonably request on the Subject Trackage.

2.6 MMA from time to time and at its sole cost and expense, may make changes in, additions and betterment to, or retirements from, the Subject Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction; provided, however, that any retirement shall not prevent operation over the entire length of the Subject Trackage, except retirements in accordance with Section 7.3 below. Such additions and betterments shall become a part of the Subject Trackage and such retirements shall be excluded from the Subject Trackage. Other than additional interchange facilities or additions covered under Section 2.1, if the Parties agree that changes in or additions and betterment to the Subject Trackage, including changes in communication or signal facilities, are required to accommodate the operations of Short Line beyond that required by MMA to accommodate its operations, MMA shall construct the additional or altered facilities, and Short Line shall pay to MMA the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

2.7 Short Line, at its expense, shall install and maintain upon trains, locomotives, cabooses and cars such equipment or devices as may now or in the future be necessary or appropriate in accordance with applicable rules or regulations or in the reasonable judgment of MMA for the safe and efficient operation of trains over the Subject Trackage.

2.8 In the event that a train of Short Line shall be forced to stop on the Subject Trackage, due to mechanical failure of Short Line's equipment, or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of Short Line fails to maintain the speed required by MMA on the Subject Trackage, or if in emergencies, crippled or otherwise defective cars are set out of Short Line's trains on the Subject Trackage, MMA shall have the option to furnish motive power or such other assistance as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Subject Trackage, and Short Line shall reimburse MMA for the cost of rendering any such assistance. If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Trackage, such work shall be done by Short Line or its agents or contractors, provided that if Short Line does not promptly complete such work then MMA may do so at the expense of Short Line.

2.9 If the use of the Subject Trackage is at any time interrupted, MMA shall, with reasonable diligence, restore the Subject Trackage for the passage of trains of the Parties. It shall be the responsibility of Short Line to rerail equipment in its account in advance of any such restoration. If Short Line does not promptly rerail equipment in its account, then MMA may do so at the expense of Short Line. Neither Party shall have or make any claim against the other for loss or damage of any kind resulting from such interruption.

2.10 Short Line shall be responsible for furnishing, at its own expense, all labor, fuel and train supplies necessary for operation of its own trains over the Subject Trackage.

2.11 The operation of Short Line and any railways admitted by MMA over the Subject Trackage shall at all times be in accordance with the rules, instructions and restrictions of MMA but such rules, instructions and restrictions shall be reasonable, just and fair between all parties using the Subject Trackage and shall not unjustly discriminate against any of them. These rules and instructions shall include, but not be limited to, Operating Rules, Time Tables, Special Instructions, Bulletins, General Orders and authoritative directions of Train Dispatchers and Operating Officers. MMA will provide dispatch without prejudice or partiality to its own trains and to the trains of Short Line and other railways using the Subject Trackage, and in such manner as will afford the most economical and efficient movement of all traffic.

2.12 Short Line shall be responsible for all mileage allowances and car hire charges accruing on cars in Short Line's account on the Subject Trackage and Short Line shall report and pay the allowances and charges directly to the owners of such cars.

2.13 All employees of Short Line engaged in the operation of trains over the Subject Trackage shall be required to qualify for operation on the Subject Trackage by passing periodic examinations on rules of MMA, provided that with respect to such examinations, Short Line may qualify one (1) or more of its supervisory officers who will then examine and certify to MMA the qualification of Short Line's employees. During the period when Short Line is commencing its operations over the Subject Trackage, MMA shall furnish pilots as MMA deems necessary, at the sole cost and expense of Short Line. For purposes of Section 4 of this Agreement, any employee of MMA acting as a pilot for Short Line will be considered a sole employee of Short Line.

2.14 If any employee of Short Line, in the sole opinion of MMA, neglects, refuses or fails to abide by MMA's rules, instructions or restrictions governing the operation over the Subject Trackage, MMA shall in writing so notify Short Line. MMA shall have the right to require Short Line to withhold any such Short Line employee from service over the Subject Trackage pending the result of formal investigation of the alleged neglect, refusal or failure. After the notice is given to Short Line, MMA and Short Line shall promptly hold a joint investigation, in which each of the Parties shall bear its own expenses for its own employees and witnesses. Notice of such investigation to Short Line employees shall be given by Short Line officers, and failure to give proper notice shall not bar MMA from restricting the subject Short Line employees from service on the Subject Trackage. The investigation shall be conducted in accordance with any terms and conditions of collective bargaining agreements, if any, or Short Line's personnel policies, but failure by Short Line to comply with any such provisions shall not bar MMA from restricting subject Short Line employees from service on the Subject Trackage. If, in the reasonable judgment of MMA, the result of such investigation warrants that any Short Line employee so investigated, or any employee who Short Line has failed to investigate after proper notice under this Agreement, such employee shall, upon written request by MMA, be restricted from operating on the Subject Trackage, and Short Line shall release and indemnify MMA from and against any and all claims and expenses because of such restriction.

2.15 If any cars, cabooses, or locomotives of Short Line are bad ordered en route on the Subject Trackage and it is necessary that they be set out, those cars, cabooses or locomotives shall, after being promptly repaired at the expense of Short Line, be promptly picked up by Short Line.

If MMA performs repairs to Short Line equipment, MMA shall prepare and submit billing directly to and collect from Short Line.

Section 3. COMPENSATION AND BILLING

3.1 Short Line shall pay MMA monthly during the term of this Agreement, an amount equal to the sum computed by the method set forth below:

(a) As compensation for the trackage rights, Short Line will pay MMA a sum computed by multiplying (i) the Base Charge specified in paragraph (d) of this section by (ii) the number of cars (loaded or empty), locomotive and caboose units moved by Short Line with its own crews and power over the Subject Trackage by (iii) the number of miles such equipment is operated over the Subject Trackage.

Each locomotive and each caboose, for the purposes of this Agreement, shall be treated as one car. The Base Charge shall be subject to change to reflect any increases or decreases in labor, material and other costs subsequent to the base year, as more fully set forth below.

(b) Short Line shall furnish MMA, within thirty (30) days of the end of each month, a statement showing the number of locomotives, cars, and cabooses and total car miles operated over the Subject Trackage during the month and, without the requirement of an invoice or bill from MMA, and at the same time make payment of the amount calculated as provided in Section 3.1(a) above. Any disputes over the correctness of Short Line's statement shall be reconciled between the Parties and be adjusted on the first available statement following such reconciliation.

(c) The Base Charge shall be escalated upward or downward effective July 1 of each year, beginning July 1, 2012, to compensate for the increase or decrease in the cost of labor and material, excluding fuel, as reflected in the Annual Indexes of Charge-out Prices and Wage Rates issued by the Association of American Railroads. In making such determination, the final "Material prices, wage rates and supplements combined (excl. fuel)" index for the Eastern District shall be used and the final index figure for the calendar year 2010 shall be taken as the base. The method of escalating the Base Charge shall be determined by calculating the percent of increase, or decrease, in the index of the year to be escalated as related to the base year, and applying that percent to the Base Charge; provided however, that in no event shall the Base Charge be reduced to less than the initial Base Charge set forth in Section 3.1(d) below.

By way of example, assuming "A" to be the "Material prices, wage rates and supplements combined (excl. fuel)" final index figure for the year 2010, "B" to be

the "Material prices, wage rates and supplements combined (excl. fuel) for 2011, "C" to be the Base Charge and "D" to be the percent of increase or decrease, the escalated charge effective July 1, 2012 would be determined by the following formula:

(1) $\frac{B - A}{A} = D$

(2) (D x C) + C = escalated charge effective 7/1/2012.

If the Association of American Railroads or any successor organization discontinues publication of the Annual Indexes of Charge—Out Prices and Wage Rates (or of any relevant component), an appropriate substitute for determining the percentage of increase, or decrease, shall be negotiated by the Parties.

(d) The Base Charge shall be $0.30 per car mile. The Parties acknowledge that the Base Charge represents a rate that includes the considerations set forth in the PSA.

3.2 Except as otherwise specifically provided in Section 3.1 above, bills rendered pursuant to this Agreement shall be prepared in conformity with the then-current reasonable billing practices of MMA. Bills rendered pursuant to the provisions of this Agreement, other than those provided for in Section 3.1, shall include direct labor and material costs, together with surcharges, overhead percentages and equipment rentals specified by MMA at the time any work is performed, or shall include actual costs and expenses upon mutual agreement of the Parties. The Parties agree to furnish to each other the data necessary for preparation and auditing of bills. MMA agrees to issue any billing (except as provided in Section 3.1) within thirty (30) days of the close of each month, and Short Line agrees to pay the billings within thirty (30) days after receiving them at its general office. Charges not billed within two (2) years of their being incurred shall be deemed waived. The payment of bills shall not be delayed nor payment refused or shorted on payment of face amount of bill as rendered because of minor errors in supporting details, but bills shall be paid as rendered and exception taken in writing addressed to the officer of MMA responsible for the issuance of the bill. MMA will adjust the next subsequent billing if any exception is valid. No exception to any bill shall be honored if filed after two (2) years from the last day of the calendar month during which the bill was rendered; provided, however, that nothing in this Section 3.2 will bar the rendering and collection of bills arising from the operation of Section 4 below.

3.3 The records of each Party pertaining to this Agreement shall be open to inspection by representatives of the other Party upon reasonable notice, during regular office

hours, for a period of three (3) years from the date of the billing or other applicable activity.

3.4 In the event of a failure or refusal by either Party in making any payment called for by this Agreement, the complaining Party may notify the other Party in writing that it considers that Party to be in violation, giving full explanation of the amount or nature of the violation. If such violation is not resolved to the satisfaction of the complaining Party within sixty (60) days after the notice is mailed, the complaining Party may invoke the dispute resolution mechanisms provided in Section 6. Bills paid after the date due will be subject to interest charges of one percent (1%) for each month or portion thereof until paid.

Section 4. LIABILITY AND INDEMNIFICATION

4.1 Whenever the phrase "proportionally by the Parties" is used in this Section 4, it means that costs or expenses will borne in proportion to the car miles handled by each Party over the Subject Trackage during the calendar month prior to the occurrence giving rise to the cost or expense, or equally by the Parties if the occurrence is in first month of operation under this Agreement.

4.2 Both Parties shall comply with all applicable laws and governmental regulations, rules or orders. If any failure of either Party to comply with such laws, rules, regulations or orders in respect to the use of Subject Trackage results in any fine, penalty, cost or charge being assessed against the other Party, the Party which failed to comply agrees to reimburse promptly and indemnify the other Party for such amount, including without limitation reasonable attorneys' fees and expenses and courts and litigation costs.

4.3 The responsibility of the Parties hereto, as between themselves, for loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, resulting from, arising out of, incidental to, or occurring in connection with exercise of the rights granted in this Agreement, shall be borne and determined as follows:

(a) Whenever any loss of, damage to, or destruction of any property whatsoever, including the Subject Trackage and turnouts therefrom (except Cargo Related Claim Liability as defined hereinafter), or injury to or death of any person or persons whomsoever, or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation (collectively "Damage"), occurs with any of the trains, locomotives, cars, or equipment of, or in

the account of Short Line being involved, without any of the trains, locomotives, cars, or equipment of, or in the account of MMA being involved, Short Line shall assume all liabilities therefor and bear all costs and expenses in connection therewith, and shall forever protect, defend, indemnify, and save harmless MMA and its directors, officers, agents or employees from and against all such liabilities, costs, and expenses, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of any of such indemnitees.

(b) Whenever any Damage occurs with any of the trains, locomotives, cars, or equipment of, or in the account of MMA being involved, without any of the trains, locomotives, cars, or equipment of, or in the account of Short Line being involved, MMA shall assume all liabilities therefor, and bear all costs and expenses in connection therewith, including, without limitation all costs and expenses referred to in Section 4.5 hereof, and MMA shall forever protect, defend, indemnify, and save harmless Short Line and its directors, officers, agents, and employees from and against all such liabilities, costs, and expenses, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of any of such indemnitees.

(c) Whenever any Damage occurs with any of the trains, locomotives, cars, or equipment of, or in the account of both Short Line and MMA being involved, Short Line and MMA shall each separately assume and bear all liabilities, costs, and expenses for loss of and damage to its own trains, locomotives, cars (including without limitation lading), and equipment operated by it and for injury to and death of each of its own respective officers, agents, and employees, and persons in its care and custody, including without limitation all costs and expenses referred to in Section 4.5 hereof . All liabilities, costs, and expenses for injuries to and death of any other person or persons whomsoever, for loss of, damage to, or destruction of all other properties (including without limitation the Subject Trackage) and for any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, so occurring shall be borne equally by Short Line and MMA.

(d) Notwithstanding any other provisions of this Agreement, each Party shall be responsible for liability for any death, personal injury, or damage to property to the extent such death, personal injury, or damage to property was caused by acts or omissions of any of that Party's employees while under the influence of drugs or alcohol. An FRA positive test for drugs or a FRA alcohol test of .04% or

greater shall establish that an employee was "under the influence of drugs or alcohol," for the purposes of this Section 4.3.

(e) For the purposes of this Section 4.3, as between Short Line and MMA, references to "MMA" shall include any other carrier not party to this Agreement. Whenever any liabilities, costs, or expenses are assumed by or apportioned to a party hereto under the foregoing provisions of this Section 4.3, that party shall forever protect, defend, indemnify, and save harmless the other party to this Agreement and its directors, officers, agents, and employees from and against those liabilities, costs, and expenses so assumed by that Party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of any of such indemnitees.

(f) In every case of death or injury suffered by an employee of either Short Line or MMA, when compensation to such employee or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employer's liability, or other law, and either of said parties under the provisions of this Agreement is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such Party shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

(g) For the purposes of this Section 4.3 the word "equipment" shall mean and be confined to (i) cabooses, (ii) vehicles and machinery which are capable of being operated on railroad tracks that, at the time of an occurrence, are being operated on the Subject Trackage, and (iii) vehicles and machinery that, at the time of an occurrence, are on the Subject Trackage or the right-of-way thereof for the purpose of the maintenance or repair thereof or the clearing of wrecks thereon.

(h) The term "Damage" as used in this Section 4.3 shall include related court costs, expenses, and attorney's fees. Liability shall not include fines and penalties, which shall always be paid by the Party against whom they were assessed, except as provided under Section 4.2.

(i) Under no circumstances will either of the Parties to this Agreement assert a claim for punitive or exemplary damages against the other Party.

(j) (1) All liability arising from or growing out of loss, damage and delay to lading, including all incidental, related and miscellaneous damages resulting directly or indirectly therefrom that is covered by the AAR Freight Claim Article (all such liability being hereinafter called "Cargo Related Claim Liability") will be apportioned

between Short Line and MMA in accordance with applicable rules and procedures of the AAR's Damage Prevention and Freight Claim Article (hereinafter the "AAR Freight Claim Article") including its Rules of Order, Principles and Practices, Freight Claim Rules, and prior arbitration decisions interpreting or construing any of them (hereinafter collectively referred to as "AAR Rules and Procedures").

(2) In the event of any dispute about responsibility to investigate, adjust and defend a cargo related claim or about apportionment of liability under this subsection (j), Short Line and MMA shall invoke the AAR Freight Claim Article to provide for arbitration under the AAR Rules and Procedures. Short Line and MMA will cooperate fully in any such arbitration proceeding and will be bound by the final decision of the AAR Freight Claim Article arbitration or appeal committee. If the AAR Freight Claim Article arbitration or appeal committee declines to act as arbitrator, any such dispute will be arbitrated in accordance with the provisions of Section 6 of this Agreement.

4.4 In case a claim is asserted or a lawsuit or lawsuits is commenced against either Party hereto for or on account of any damage or injury for which the other Party would be solely or jointly liable under this Agreement, the Party thus notified of a claim or sued shall give the other Party timely written notice of the claim or the pendency of such suit, and thereupon the Party so notified may assume or join in the defense thereof, and if the Party so notified is liable therefor under this Agreement, such Party shall save harmless the Party so notified of a claim or sued from all loss, cost and expense to the extent provided by this Agreement. Neither Party shall be bound by any settlement by or judgment against the other Party unless it shall have been so notified and shall have had reasonable opportunity to assume or join in the defense of the claim or action. When so notified, and the opportunity to join in the defense of the claim or action has been afforded, the Party so notified shall to the extent of its liability under this Agreement be responsible for any such settlement or judgment.

4.5 If trains, locomotives or cars of Short Line are wrecked or derailed on the Subject Trackage, Short Line shall pick up and remove said equipment, and Short Line shall bear the entire cost of such service. If Short Line does not pick up and remove such equipment within a reasonable time and such equipment is impeding the movement of trains on the Subject Trackage, MMA may pick up and remove such equipment and bill Short Line for the expense; provided, however, that the right of Short Line to seek and obtain any recoveries and the subrogation rights of insurance carriers shall not be waived as a result the removal of wrecked or derailed equipment.

4.6 It is understood and agreed that a number of vehicular crossings of the Subject Trackage presently exist, or may be constructed. Short Line agrees to accept all crossings in whatever condition they may be during the term of this Agreement and will not assert any claim, demand or cause of action against MMA and will hold MMA harmless from any claim, demand or cause of action arising out of any crossing accident on the Subject Trackage in which the engines, cars or trains of Short Line only are involved.

4.7 Detour or operation of foreign line equipment over the Subject Trackage is at the sole discretion and permission of MMA. Except as set forth below, in the event of a collision between such foreign line equipment and that of Short Line, or any injury, death, loss or damage to employees or property of Short Line on or along the Subject Trackage, such foreign line equipment will be considered to be that of MMA for purposes of liability under this Agreement. Foreign line equipment of CN while on the Subject Trackage for the purposes of interchange with Short Line will be considered to be that of Short Line for the purposes of liability under this Agreement.

4.8 In the event that MMA admits any additional tenants or users to the Subject Trackage, such tenant or user must assume liability on terms and conditions consistent with this Agreement and at least as protective of Short Line as the provisions of this Agreement.

Section 5. INSURANCE

5.1 Each Party shall, at its sole cost and expense, procure and maintain the insurance coverage specified below. Except with respect to Commercial Railroad Liability Insurance, which shall be placed on a claims-made basis, all insurance shall be placed on an occurrence basis with insurance carriers that are licensed to do business in Maine. Prior to commencement of operations hereunder, each Party shall provide to the other Party and to MaineDOT a certificate of insurance giving evidence of the required coverage. All such insurance shall provide for no less than ten days' prior written notice by certified mail (return receipt requested) to be given to the other Party and to MaineDOT in the event coverage is substantially changed, cancelled, or not renewed. Each Party shall, on reasonable request, permit the other Party or MaineDOT to examine original insurance policies.

5.2 Each Party shall waive any and all rights or causes of action against the other Party for any and all loss of, or damage to, any property owned or used by such Party and any property owned by third parties in the custody or control of such Party. Written

notice of this waiver shall be given to each insurance carrier, and said insurance policies shall be properly endorsed, if necessary, to prevent the invalidation of said insurance coverages by reason of this waiver.

5.3 Each Party shall procure and maintain the following insurance:

(a) Workers' Compensation Insurance to the extent (if any) required by Maine or New Brunswick law.

(b) Commercial Railroad Liability Insurance covering liability imposed on the Party with respect to all of its services and activities on the Subject Trackage and all obligations assumed by such Party under this Agreement, including FELA liability and liability for third-party "bodily injury" and "property damage" arising out of the discharge, dispersal, release, or escape of pollutants which is caused by or results from a "railroad accident," all as defined in the policy. Independent Contractors Liability, Personal Injury/Advertising Liability, and Contractual Liability coverages are to be included, and all Railroad and Explosion/Collapse/Underground (X-C-U) exclusions are to be deleted. The other Party and its successors or assigns shall be named as additional insureds, and the policy shall contain a waiver of subrogation against the other Party, and its successors and assigns. Coverage under this policy shall be on a claims-made basis and shall have limits of liability not less than Eight Million Dollars ($8,000,000) per claim and Sixteen Million Dollars ($16,000,000) per annum for bodily injury liability (including disease or death), personal injury liability, and property damage liability (including loss of use). Such limits of liability may be adjusted periodically, upon reasonable notice by MMA, to reflect inflation, but will be no less than the limits required by MaineDOT from Short Line for Short Line's operations over the rail lines owned by the State of Maine.

(c) Property Insurance covering all property on the Subject Trackage (except the Subject Trackage itself) owned or used by Short Line in connection with this Agreement, with limits adequate to protect the full replacement value of such property, and covering all property owned by third parties in the custody or control of such Party, with limits adequate to cover its liability pursuant to applicable bills of lading and other applicable statutes, regulations, and laws governing rail carrier liability for loss or damage to lading. The Property Insurance policy shall contain a waiver of subrogation against the other Party and its successors and assigns.

(d) Automobile Liability Insurance issued to and covering the Party's liability arising out of the use of all owned, non-owned, hired, rented or leased vehicles which bear, or are required to bear, license plates in the jurisdiction in which they are to be operated. The other Party and its successors and assigns shall be named as additional

insureds. Coverage under this policy shall have limits of liability not less than One Million Dollars ($1,000,000) combined single limit for bodily injury liability (including disease or death), personal injury liability, and property damage liability (including loss of use).

(e) Additional insurance, as may be usual and customary with respect to the services provided and activities undertaken on the Subject Trackage by MMA and Short Line, and as may be required under any applicable federal or state statute or regulation, any applicable local ordinance, or any applicable federal or state administrative or judicial order.

(f) Except as the Parties may otherwise agree in writing:

(i) no deductible under any insurance policy may exceed $500,000;
(ii) except for policies currently in effect, no insurance may be maintained through so-called "umbrella policies"; and
(iii) each Party shall continue, at its sole cost and expense, to maintain Commercial Railroad Liability Insurance, as described above, for at least six (6) years after such Party ceases to operate the Subject Trackage pursuant to this Agreement; provided, however, that a Party instead may opt to procure tail coverage at its sole cost and expense, so long as the terms and conditions of such tail coverage are acceptable to the other Party.

Section 6. DISPUTE RESOLUTION

6.1 Whenever any dispute or issue of interpretation or application of this Agreement arises between the Parties, the Parties shall use good faith efforts to resolve the matter expeditiously and without resort to arbitration or litigation. Each Party shall appoint an officer having responsibility for and authority to resolve such disputes. If a dispute remains unresolved for 60 days following the commencement of such good-faith efforts, then either Party may proceed to resolve the dispute in accordance with the procedures described below in Section 6.2.

6.2 All disputes arising in connection with or involving the interpretation, implementation or application of this Agreement shall be resolved through arbitration. The Party initiating arbitration shall notify the other of the issues to be arbitrated and propose a process to select an arbitrator knowledgeable in railroad matters. If the Parties cannot reach mutual agreement on the selection of an arbitrator within thirty (30) days of the

original notice, the Party initiating arbitration may petition the American Arbitration Association or the Surface Transportation Board or any successor agency ("STB") to designate an arbitrator. The arbitrator's decision shall be final and binding. Each Party shall bear one-half the costs of the arbitrator. From the time the arbitrator is chosen, evidence is to be presented and decision rendered within ninety (90) days.

Section 7. GOVERNMENT APPROVAL

7.1 Short Line shall, at its own expense, initiate and prosecute the necessary request for approval from any Governmental agency having jurisdiction to authorize the exercise of rights granted pursuant to this Agreement. MMA, at its own expense, shall assist and support such request and will furnish such information and execute, deliver and file such instrument or instruments in writing as may be necessary and appropriate to obtain such authorization. In the event authorization is denied or granted subject to conditions not acceptable to Short Line, then this Agreement shall be void.

7.2 In the event Short Line desires to discontinue the rights conferred by this Agreement, Short Line shall, at its own expense, initiate and prosecute the necessary request for approval from any Governmental agency having jurisdiction to authorize discontinuance, and MMA agrees not to oppose such discontinuance.

7.3 In the event MMA decides to abandon, before seeking governmental authority (if such authority is required), MMA will notify MaineDOT in writing and MaineDOT will have a right of first refusal, which may be exercised within sixty (60) days after such notice, to purchase the property at Net Liquidation Value. The term "Net Liquidation Value" as used in this Section 7.3 means the fair market value of land and track components for nonrail uses, less the estimated cost of removal, calculated in the manner then calculated by the STB.

Section 8. DEFAULT AND REMEDIES

8.1 Each of the following shall constitute an Event of Default under this Agreement: (a) failure to make any payment of any amount due pursuant to this Agreement and such failure continues for 30 days after the date on which such payment was due; (b) the failure to perform any covenant or condition required pursuant to this Agreement and such failure continues for 30 days after notice from the other Party; or (c) the commencement of any proceeding by or against a Party which might result in any modification of the obligations of such Party pursuant to this Agreement under any

bankruptcy, insolvency or similar law, unless all of the obligations of such Party shall have been duly assumed by a trustee or successor to such Party within 60 days after such proceeding shall have been commenced. MaineDOT shall have the right but not the obligation to cure any Event of Default by Short Line.

8.2 Upon the occurring of an Event of Default, the nondefaulting Party may exercise any or all of the following remedies subject to the satisfaction of any necessary STB requirements: (a) termination of this Agreement by and upon 60 days' written notice to the defaulting Party; (b) setting off any amounts owed to the defaulting Party against amounts owed by the defaulting Party; or (c) pursuing any other remedy at law or in equity in any court of competent jurisdiction.

8.3 Except upon the occurring of an Event of Default by Short Line, MMA, for itself and its successors and assigns, agrees that it will not seek to terminate these trackage rights through an adverse abandonment or other proceeding before the Surface Transportation Board, or any court, including without limitation any bankruptcy court.

8.4 The remedies set forth in this Section 8 are cumulative, and the exercise of one or more of such remedies or the failure to exercise any remedy provided for pursuant to this Agreement shall not prejudice the right of the nondefaulting Party to exercise any remedy from time to time and as often as it may deem necessary. An Event of Default shall not be waived or satisfied by any failure of a Party to exercise any such remedies; any waiver must be in writing.

Section 9. OTHER

9.1 This Agreement shall be binding upon and inure to the benefit of the Parties, their respective successors or assigns. Short Line may not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of MMA, which consent shall not be unreasonably delayed, conditioned or withheld; provided, however, that Short Line may assign this Agreement and all of its rights and obligations hereunder without the consent of MMA to any successor operator or operators of the MaineDOT-owned rail line south of Madawaska Subdivision MP 260. MMA agrees that if the rights are not assigned by Short Line to any successor operator, then MMA shall grant trackage rights to such successor operator in the same form as this Agreement.

9.2 This Agreement shall be effective as to, and binding upon, MMA as of the date of execution by MMA. The trackage rights granted under this Agreement shall be effective on the date Short Line has received all necessary authorization, from any Governmental

agency having jurisdiction, to exercise the rights granted pursuant to this Agreement. The term of this Agreement is perpetual.

9.3 A Party shall be excused from its obligations under this Agreement to the extent that it is prevented or delayed in such performance by any of the following conditions of force majeure: Act of God, acts of the public enemy, authority of law, fire or explosion, flood or other significant weather related event, lockout, strike or labor disputes, war, act of terrorism, insurrection, embargoes or AAR service orders, Federal Railroad Administration orders, or other similar causes beyond a Party's control. A Party that is prevented or delayed in its performance as a result of force majeure shall notify the other Party of such condition and shall make all reasonable efforts to eliminate or resolve the condition as promptly as practicable.

9.4 The Parties agree that interpretation of this Agreement shall be governed by United States federal law and, to the extent applicable, the laws of the State of Maine.

9.5 This Agreement constitutes the entire understanding between the Parties relating to the matters set forth in this Agreement, and no other representation, warranties or agreements, whether oral or written, shall be binding upon the Parties. This Agreement may be modified only by an instrument in writing, signed by both Parties.

9.6 Nothing in this Agreement shall be construed to make one Party the partner, joint venturer, principal or agent of the other Party. Neither Party shall have the authority to act for or bind the other by virtue of this Agreement, except to the extent otherwise specifically provided in this Agreement.

9.7 Any notices or other communications required or permitted under this Agreement shall be in writing and shall be directed to the following addresses, unless either Party informs the other Party in writing of any change in address in accordance with the terms of this Section 9.7:

Short Line:

MMA:
15 Iron Road
Hermon, Maine
Attention: President

Copies of all notices under this Agreement shall be sent to MaineDOT at the following address:

Maine Department of Transportation
16 State House Station
Augusta, Maine 04333-0016
Attention: Chief Counsel

9.8 This Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, and all counterparts shall together constitute one and the same instrument.

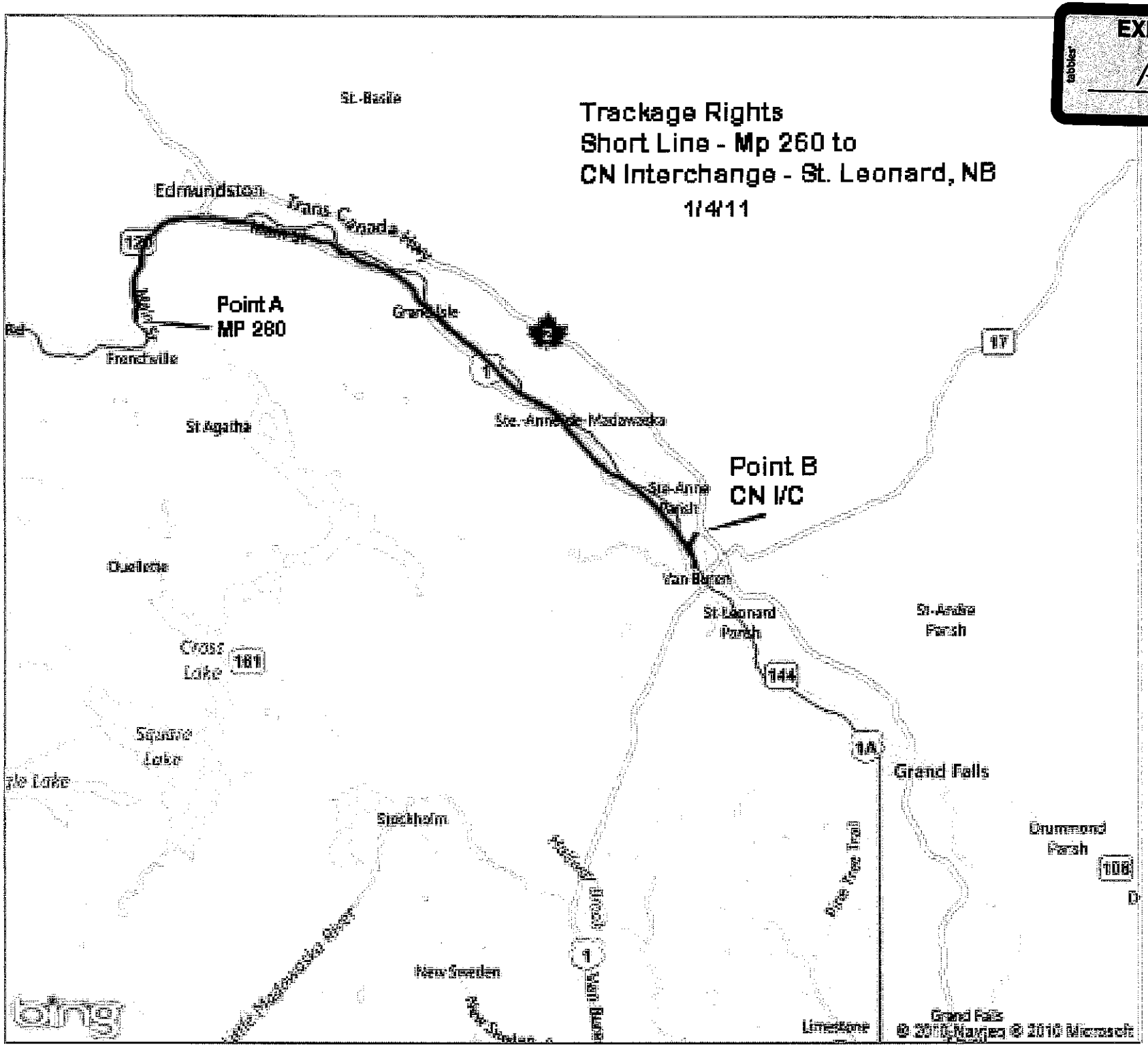
THE PARTIES hereto have caused this Agreement to be duly executed on the dates indicated below.

MONTREAL, MAINE & ATLANTIC RAILWAY LTD.

By: Robert C. Smith
(Title) President & CEO
Date: _____

SHORT LINE:

By: _____
(Title) _____
Date: _____

EXHIBIT
A

Trackage Rights
Short Line - Mp 260 to
CN Interchange - St. Leonard, NB
1/4/11