TRACKAGE RIGHTS AGREEMENT
Millinocket – Madawaska, Maine

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 certain lines of railroad from MMA including the rail line which extends approximately 151 miles between MP 109 located north of Millinocket, Maine and MP 260 located south of Madawaska, Maine (the "Subject Trackage"). MaineDOT has selected Short Line to operate the Subject Trackage.

Under the PSA, MMA is entitled to obtain overhead trackage rights from Short Line over the Subject Trackage for the operation of its trains, and MaineDOT has agreed to require Short Line to allow such use on the terms and conditions set forth below.

IN CONSIDERATION of the foregoing premises and the mutual covenants set forth below, 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 109 and point "B" at MP 260. The term "Subject Trackage" includes all of MaineDOT's trackage, facilities and appurtenances, signals and switches located on the line between these points, and track connections at the end points. Subject to the terms and conditions contained in this Agreement, Short Line hereby grants to MMA 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 Short Line or MaineDOT may at any time in the future admit to the use of all or any part of the Subject Trackage. MMA shall have the right to operate in either direction over the Subject Trackage. Short Line's right to use the Subject Trackage shall not be diminished by this Agreement. Short Line 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 MMA pursuant to this Agreement.

1.2 MMA 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 on or served from the Subject Trackage.

(b) Switch, store or service cars or equipment, or make or break up trains, 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 MMA; provided, however, that the foregoing shall not prevent MMA, 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 MaineDOT or Short Line in the future.

1.3 The rights granted under the terms of this Agreement are restricted to the movement of cars described in Section 1.1 above. MMA agrees not to seek access to industries or interchange with other carrier(s) from or over the Subject Trackage, other than those provided in this Agreement. In the event that MMA seeks or obtains such access to industries or interchange contrary to this provision, Short Line, 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 Short Line and its agents and contractors. Short Line may make any additions to the Subject Trackage which Short Line 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.

2.2 The management, operation and train dispatching of the Subject Trackage shall be under the exclusive direction and control of Short Line and its agents and contractors. MMA in its use of the Subject Trackage shall comply in all respects with the safety rules, operating rules and other regulations of Short Line, and the movement of MMA's trains, locomotives, cars, and equipment over the Subject Trackage shall at all times be subject to the orders of the transportation officers of Short Line. MMA'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 Short Line's operating rules and regulations or contained herein without the prior consent of Short Line. Short Line 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 MMA's right to use the Subject Trackage for the purpose defined in Section 1. The manning of MMA's trains shall be under the direction and control of MMA during the term of the Agreement.

2.3 Short Line 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.

2.4 Short Line 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 MMA shall not, by reason of Short Line's performing or failing, or neglecting to perform any operation, maintenance, repair, renewal or management of the Subject Trackage, have or make against Short Line any claim or demand for loss,

damage, destruction, injury or death whatsoever resulting from Short Line's performance, failure or neglect.

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

2.6 Short Line, or MaineDOT, 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. 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 MMA beyond that required by Short Line to accommodate its operations, Short Line or MaineDOT shall construct the additional or altered facilities, and MMA shall pay to Short Line the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

2.7 MMA, 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 Short Line for the safe and efficient operation of trains over the Subject Trackage.

2.8 In the event that a train of MMA shall be forced to stop on the Subject Trackage, due to mechanical failure of MMA'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 MMA fails to maintain the speed required by Short Line on the Subject Trackage, or if in emergencies, crippled or otherwise defective cars are set out of MMA's trains on the Subject Trackage, Short Line 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 MMA shall reimburse Short Line 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 MMA or its agents or contractors, provided that if MMA does not promptly complete such work then Short Line may do so at the expense of MMA.

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

2.10 MMA 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 MMA and any railways admitted by MaineDOT or Short Line over the Subject Trackage shall at all times be in accordance with the rules, instructions and restrictions of Short Line 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. Short Line will provide dispatch without prejudice or partiality to its own trains and to the trains of MMA 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 MMA shall be responsible for all mileage allowances and car hire charges accruing on cars in MMA's account on the Subject Trackage and MMA shall report and pay the allowances and charges directly to the owners of such cars.

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

2.14 If any employee of MMA, in the sole opinion of Short Line, neglects, refuses or fails to abide by Short Line's rules, instructions or restrictions governing the operation over the Subject Trackage, Short Line shall in writing so notify MMA. Short Line shall have the right to require MMA to withhold any such MMA 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 MMA, 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 MMA employees shall be given by MMA officers, and failure to give proper notice shall not bar Short Line from restricting the subject MMA 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 MMA's personnel policies, but failure by MMA to comply with any such provisions shall not bar Short Line from restricting subject MMA employees from service on the Subject Trackage. If, in the reasonable judgment of Short Line, the result of such investigation warrants that any MMA employee so investigated, or any employee who MMA has failed to investigate after proper notice under this Agreement, such employee shall, upon written request by Short Line, be restricted from operating on the Subject Trackage, and MMA shall release and indemnify Short Line from and against any and all claims and expenses because of such restriction.

2.15 If any cars, cabooses, or locomotives of MMA 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 MMA, be promptly picked up by MMA.

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

Section 3. COMPENSATION AND BILLING

3.1 MMA shall pay Short Line 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, MMA will pay Short Line 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 MMA with its own crews and power over the Subject Trackage by (iii) 151 miles.

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) MMA shall furnish Short Line, 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 Short Line, 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 MMA'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 Short Line. 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 Short Line 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. Short Line agrees to issue any billing (except as provided in Section 3.1) within thirty (30) days of the close of each month, and MMA 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 Short Line responsible for the issuance of the bill. Short Line 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 MMA and Short Line, references to "Short Line" 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 MMA are wrecked or derailed on the Subject Trackage, MMA shall pick up and remove said equipment, and MMA shall bear the entire cost of such service. If MMA 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, Short Line may pick up and remove such equipment and bill MMA for the expense; provided, however, that the right of MMA 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. MMA 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 Short Line and will hold Short Line 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 MMA only are involved.

4.7 Detour or operation of foreign line equipment over the Subject Trackage is at the sole discretion and permission of Short Line. In the event of a collision between such foreign line equipment and that of MMA, or any injury, death, loss or damage to

employees or property of MMA on or along the Subject Trackage, such foreign line equipment will be considered to be that of Short Line for purposes of liability under this Agreement.

4.8 In the event that MaineDOT or Short Line 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 MMA 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 and that are acceptable to MaineDOT. 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 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 MaineDOT, and their respective successors or assigns shall be named as additional insureds, and the policy shall contain a waiver of subrogation against the other Party and MaineDOT, and their respective 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 the Short Line, to reflect inflation, but will be no less than the limits required by MaineDOT from the Short Line.

(c) Property Insurance covering all property on the Subject Trackage (except the Subject Trackage itself) owned or used by MMA 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 MMA, 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 MaineDOT, and their respective 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 MaineDOT and their respective 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 such Party's sole cost and expense, so long as the terms and conditions of such tail coverage are acceptable to the other Party and MaineDOT.

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 MMA 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. Short Line, 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 MMA, then this Agreement shall be void.

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

7.3 In the event MaineDOT decides to abandon, before seeking governmental authority (if such authority is required), MaineDOT will notify MMA in writing and MMA 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 MMA, Short Line and Maine DOT, for themselves and their respective successors and assigns, agree that they 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. Except as provided in the second paragraph of this Section 9.1, MMA may not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of Short Line and MaineDOT, which consent shall not be unreasonably delayed, conditioned or withheld.

MMA may assign this Agreement and all of its rights and obligations hereunder without consent of Short Line or MaineDOT to any successor operator of both the MMA lines north of MP 260 and south of MP 109. Further, in the event that MMA sells, leases or grants operating rights over all or any portion of its line of railroad beginning at MP 260 south of Madawaska, Maine (the "Van Buren line"), but retains ownership of its line south of MP 109 and connecting with the Subject Trackage at Millinocket (the "Millinocket line"), or in the event that MMA sells, leases or grants operating rights over all or any portion of its Millinocket line beginning at MP 109, but retains ownership of the Van Buren line north of MP 260 and connecting with the Subject Trackage, MMA shall have the right, at its option, either to retain this Agreement or to assign this Agreement to the purchaser, lessee or new operator of the connecting portions of the Van Buren line or the Millinocket line.

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 MMA 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.

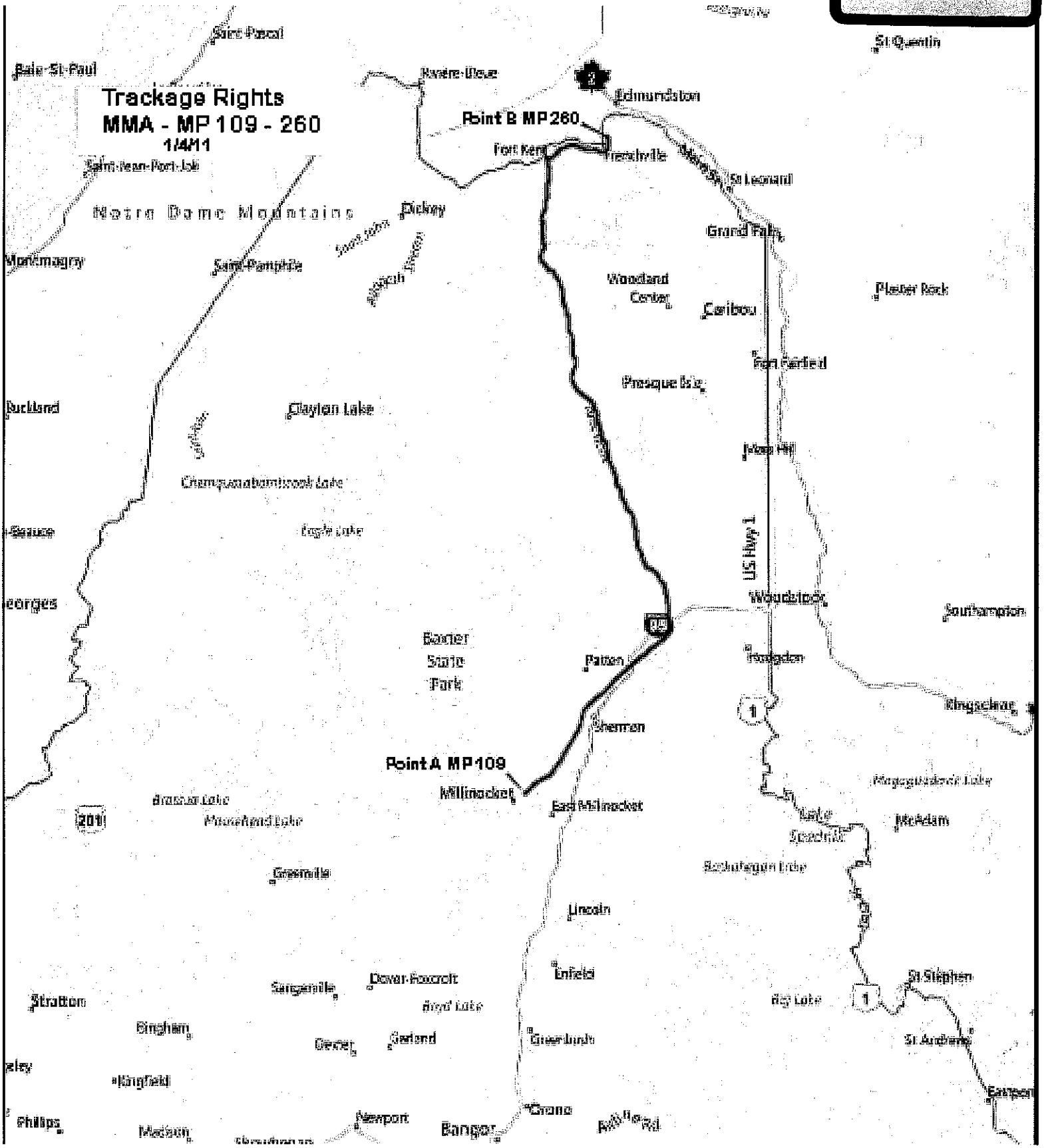
By: _____
(Title) PRESIDENT & CEO
Date: _____

SHORT LINE:

By: _____
(Title) _____
Date: _____

EXHIBIT

A



Trackage Rights
MMA - MP 109 - 260
1/4/11
Point B MP 260
Point A MP 109
Saint-Pascal
Baie-St-Paul
Rivière-Ouelle
Edmundston
St Quentin
Fort Kent
Frenchville
St Leonard
Saint-Jean-Port-Joli
Notre Dame Mountains
Dickey
Grand Falls
Montmagny
Saint-Pamphile
Woodland Center
Caribou
Plaster Rock
Fort Fairfield
Presque Isle
Rockland
Clayton Lake
Mars Hill
Chemquasabamticook Lake
Eagle Lake
US Hwy 1
Woodstock
Southampton
Baxter State Park
Patten
Hodgdon
Ringsclear
Sherman
Millinocket
East Millinocket
Brassua Lake
Moosehead Lake
Lake Spectrum
McAdam
Greenville
Lincoln
Enfield
Dover-Foxcroft
Sangerville
Stratton
Bingham
Dexter
Garland
Greenbush
St Stephen
St Andrews
Kingfield
Phillips
Madison
Newport
Bangor
Orono
Eastport