

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC
RAILWAY, LTD.,

Debtor.

Bk. No. 13-10670
Chapter 11

**DECLARATION OF CHARLENE RIDGEWAY ON BEHALF OF THE HARTFORD
CASUALTY INSURANCE COMPANY IN SUPPORT OF
CONFIRMATION OF TRUSTEE'S REVISED FIRST AMENDED
PLAN OF LIQUIDATION DATED JULY 15, 2015**

I, Charlene Ridgeway, pursuant to 28 U.S.C. § 1746, state as follows:

Introduction

1. This Declaration is submitted in support of confirmation of the *Trustee's Revised First Amended Plan of Liquidation Dated July 15, 2015* [Docket No. 1495] (the "Plan").¹

2. I am the Vice President, Major Case Unit, of the Hartford Casualty Insurance Company ("Hartford"). I am authorized to make this declaration on Hartford's behalf.

3. All facts set forth herein are based on my personal knowledge without waiving any attorney-client privilege, on information supplied to me, upon my review of relevant documents, or on my opinion based upon my experience and knowledge of the Debtor, the Rail World Parties and Hartford's operations. If I were called to testify, I could and would testify competently to the facts set forth herein.

Relevant Background

4. On July 6, 2013, an unmanned eastbound train operated by Montréal Maine & Atlantic Railway Ltd., the above-captioned debtor ("MMA" or the "Debtor") and/or MMA

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and/or the Revised First Amended Disclosure Statement for the Trustee's Plan of Liquidations Dated July 15, 2015 [D.E. 1497] (the "Disclosure Statement").

Canada, comprised of five (5) locomotives and seventy-two (72) railcars carrying crude oil, derailed in Lac-Mégantic, Quebec, Canada (the “Derailement”).

5. Hartford is the insurer under a policy of insurance (the “Hartford Policy”) issued to Rail World, Inc.

6. Rail World, Inc., Rail World Holdings LLC and Rail World Locomotive Leasing LLC (the “Rail World Entities”) are “Named Insureds” under the Hartford Policy.

7. Hartford and the Rail World Parties are included in the definition of “Released Parties” under the Plan and accordingly, will be the beneficiaries of the Releases and Injunctions contained in the Plan if confirmed.

8. The Rail World Entities and certain of their affiliates, shareholders, directors, officers and partners (the “Rail World Parties”) are submitting a declaration in support of confirmation of the Plan (the “Rail World Declaration”).

The Plan Releases and Injunctions

A. MMA, the Rail World Parties and Hartford Share an Identity of Interest with Respect to the Claims Covered by the Releases and Injunctions

9. Certain of the Rail World Parties are presently defendants in lawsuits relating to the Derailement (the “Pending Cases”). The Rail World Parties that have not been named in the Pending Cases are also subject to potential future claims in the Pending Cases and/or, together with the Rail World Parties named in the Pending Cases, are subject to other potential lawsuits related to the Derailement and/or are subject to potential cross-claims asserted by co-defendants for contribution and indemnity in the Pending Cases or other lawsuits related to the Derailement.

10. Many of the Rail World Parties have filed proofs of claim against MMA. Absent confirmation of the Plan and the effectiveness of the Releases and Injunctions contained therein in favor of the Rail World Parties, the Rail World Parties intend to pursue their claims against the MMA estate.

11. In addition, the Rail World Parties may have claims against various other Contributing Parties for, inter alia, contribution and indemnity for any liability arising from the Derailment. In turn, such Contributing Parties have or may have claims against the MMA estate for, inter alia, contribution and indemnity for any liability arising from the Derailment. Thus, any claim asserted by the Rail World Parties against another Contributing Party would serve to increase the size of such Contributing Parties' claims against the MMA estate.

12. Moreover, certain of the Rail World Parties share insurance protection with the Debtor under various insurance policies. Absent confirmation of the Plan and the effectiveness of the Releases and Injunctions, the Rail World Parties intend to pursue all rights to coverage under those policies, thus potentially preventing access or diluting the policy proceeds available to victims of the Derailment.

13. Absent confirmation of the Plan and effectiveness of the Releases and Injunctions, Hartford may pursue the rights of the Rail World Entities if it has paid pursuant to the Hartford Policy.

B. The Rail World Parties and Hartford Have Contributed Substantial Assets to the MMA and MMA Canada Estates

14. The Rail World Parties and Hartford, as insurer to certain of the Rail World Parties, engaged in substantial settlement negotiations with Robert J. Keach, trustee for the Debtor's Chapter 11 Case (the "Trustee"), and the Monitor appointed in the CCAA Case for MMA Canada (the "Monitor") to resolve various claims arising out of the Derailment. After many months of good faith, arm's-length negotiation, the Rail World Parties, Hartford, the Trustee and the Monitor agreed to a comprehensive settlement under which the Rail World Parties and Hartford would contribute to the settlement fund formulated by the Trustee and the Monitor for satisfaction of Claims against the Debtor and MMA Canada, subject to the terms and conditions of the Plan Support and Settlement Agreement (the "Settlement Agreement"),

which terms and conditions include the requirement that the Releases and Injunctions become effective.

15. The Rail World Parties and Hartford ultimately agreed to the Settlement Agreement to avoid the expense and delay of protracted litigation relating to the Rail World Parties' alleged liability for the Derailment and any related rights to insurance coverage for such claims. In the absence of the Settlement Agreement, the Rail World Parties would vigorously defend any claim asserted against them relating the Derailment and would assert coverage for any such claims under any and all applicable insurance policies.

16. It is thus by no means certain that MMA's Derailment creditors would be able to realize through litigation the significant value that will be contributed by and on behalf of the Rail World Parties and Hartford to the MMA estate pursuant to the Settlement Agreement, and certainly would not be able to realize any recovery whatsoever from the Rail World Parties, or Hartford as insurer to the Rail World Parties, without incurring the delay, expense and risks of litigation, as appropriate under the circumstances. Under these circumstances, and by any measure, the total settlement contribution to the MMA estate by and on behalf of the Rail World Parties and Hartford is "substantial."

C. The Releases and Injunction are Essential to the Success of the Plan

17. The Settlement Agreement requires the Rail World Parties to receive global releases and injunctions protecting them from any and all claims, by anyone, that are related in any way to MMA or the Derailment. The global releases and injunctions required under the Settlement Agreement are to be achieved through confirmation of a plan in MMA's bankruptcy case.

18. The Rail World Parties and Hartford were only willing to negotiate and enter into a settlement on the condition that any settlement was a final settlement of all MMA and

Derailment-related liability of the Rail World Parties and Hartford, including each of the shareholders, directors, officers or members or partners of the Rail World Parties. It was with this understanding that the Rail World Parties and Hartford agreed to make their significant contribution to the MMA estate.

19. Rail World Parties and Hartford would not have settled with the Trustee if they were not protected from (a) further third party claims brought by the Derailment victims and (b) any and all contribution, indemnity and other claims relating in any way to the Derailment. Thus, the third party releases and injunction were critical to achieving the proposed settlement, which will not be effective if the Plan is not confirmed with the Releases and Injunctions.

20. Finally, I, on behalf of Hartford, fully support confirmation of the Plan.

[signature page follows]

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: September 23, 2015



By: Charlene Ridgeway

Title: Vice President, Major Case Unit

Hartford Casualty Insurance Company