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DID # 0101893002

February 21, 2002



VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

FEB 21 2002

SURFACE
TRANSPORTATION BOARD

RE: Finance Docket No. MC-F-20989, Stagecoach Group PLC, Coach
USA, Inc. et al. -- Control -- Coach USA Indiana, et al.

Dear Secretary Williams:

Enclosed are an original and 10 copies of the verified application of Stagecoach Group plc, Coach USA, Inc. and related entities for control of motor passenger carriers. Also enclosed please find a draft federal register notice and a disk which contains the documents in word perfect format. The filing fee is also enclosed.

Thank you for your attention to this matter.

ENTERED
Office of the Secretary
FEB 21 2002
Part of
Public Record

Respectfully,

David H. Coburn
Attorneys for Applicants

Enclosures

cc: All parties shown on Certificate of Service

FEE RECEIVED

FEB 21 2002

SURFACE
TRANSPORTATION BOARD

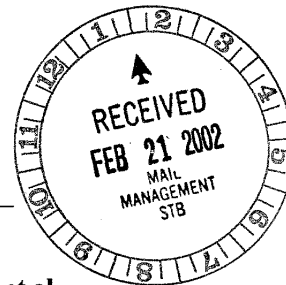
WASHINGTON

PHOENIX

LOS ANGELES

LONDON

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



**FINANCE DOCKET NO. MC-F-20989
STAGECOACH GROUP PLC AND COACH USA, INC., et al.
-- CONTROL -- COACH USA INDIANA, INC., et al.**

**VERIFIED APPLICATION FOR CONTROL OF
MOTOR PASSENGER CARRIERS**

Betty Jo Christian
David H. Coburn
STEPTOE & JOHNSON LLP
1330 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 429-3000

Attorneys for Stagecoach
Group PLC; SCUSI Limited;
SCOTO Limited; Stagecoach
General Partnership; SCH US
Holdings Corp.; Coach USA,
Inc.; Coach USA West, Inc.
and Coach USA North Central, Inc.

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Office of the Secretary

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. MC-F-20989

**STAGECOACH GROUP PLC AND COACH USA, INC., et al.
-- CONTROL -- COACH USA INDIANA, INC., et al.**

**VERIFIED APPLICATION FOR CONTROL OF
MOTOR PASSENGER CARRIERS**

Pursuant to 49 U.S.C. § 14303 and the Board's rules at 49 CFR Part 1182, Stagecoach Group PLC ("Stagecoach") and Coach USA, Inc. ("Coach"), both non-carriers that control motor passenger carriers, together with related co-applicants, seek authority to control two entities that have applied to become federally-regulated motor passenger common carriers: Coach USA Indiana, Inc. and California Acquisition, Inc. The related co-applicants are Coach USA North Central, Inc. and Coach USA West, Inc., both non-carrier management companies wholly owned by Coach and previously authorized by this Board to control several motor passenger carriers, and four non-carrier subsidiaries of Stagecoach (collectively, the "Intermediate Subsidiaries") that are intermediate in the corporate chain connecting Stagecoach with Coach: SCUSI Limited; SCOTO Limited; Stagecoach General Partnership; and SCH US Holdings Corp. Verification statements executed by each of the parties to this Application attesting to the facts set forth in the Application are attached.

I. INTRODUCTION AND DESCRIPTION OF TRANSACTION

The Board has previously approved the control of well over 100 federally-regulated motor carriers by Stagecoach, Coach USA, the Intermediate Subsidiaries, and Coach USA regional management subsidiaries, including Coach USA North Central, Inc. and Coach USA West, Inc. By this application, Stagecoach, Coach and the Intermediate Subsidiaries seek authorization to control the two additional carriers described in this application, Coach USA Indiana, Inc and California Acquisition, Inc. (the "Subject Carriers"). In addition, Coach USA North Central seeks authority to jointly control, with the other co-applicants, Coach USA Indiana, Inc., while Coach USA West seeks similar authority to jointly control California Acquisition, Inc.

The Subject Carriers are presently owned by Coach USA, Inc. Both of the Subject Carriers were organized as corporations in January 2002 and both have applied to the Federal Motor Carrier Safety Administration ("FMCSA") for authority to operate as motor common carriers of passengers. Specifically, Coach USA Indiana, Inc. has applied for regular route authority to transport passengers between points in Indiana, Illinois and Wisconsin, and for charter authority to transport persons in charter and special services between points in the United States. California Acquisition, Inc. has applied for authority to transport persons in charter and special services between points in the United States. These applications have been tentatively granted by FMCSA and the Subject Carriers anticipate that they will obtain their federal operating certificates within the next several weeks.

Each of the Subject Carriers will operate utilizing buses, terminals and related assets that they, together with Coach USA, intend to purchase from three motor

carriers currently controlled by VecTour Inc. ("VecTour"), a travel and tour company based in Blue Bell, Pennsylvania.¹ On February 12, 2002, Coach, together with the Subject Carriers, entered an Asset Purchase Agreement ("Agreement") with VecTour, and the with the three VecTour-controlled carriers identified in footnote 1, pursuant to which the Subject Carriers have agreed, for appropriate consideration and subject to a variety of conditions, to acquire operating and other assets (but not the operating authorities) of those VecTour-controlled entities. More specifically, Coach USA Indiana will acquire the assets of Tri-State Coach Lines and United Limo, while California Acquisition will acquire the assets of VecTour of California.

On October 16, 2001, VecTour filed a voluntary petition to reorganize under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, and VecTour, as well as the three VecTour-controlled carriers identified above, remain debtors in the bankruptcy proceeding. *In re VecTour Inc., et al.*, Case No. 01-10903 (EIK), *et seq.* Accordingly, the consummation of the asset purchase described above is subject to approval of the Bankruptcy Court. At present, it is anticipated that the transaction reflected in the Agreement will be presented to the Bankruptcy Court on or about March 14, 2002. It is also anticipated by the parties that the transaction that is the subject of the Agreement will close shortly after any Bankruptcy Court approval is achieved.

¹ The three carriers are Tri-State Coach Lines, Inc. ("Tri-State"); United Limo, Inc. ("United Limo"); and VecTour of California, Inc. The first two carriers are based in Indiana; the third is based in California. The Board has previously authorized control of these three carriers by Global Passenger Services, LLC, an entity that owns an interest in VecTour. See STB Docket No. MC-F-20924, *Global Passenger Services, L.L.C., et al. -- Control -- Bortner Bus Company, et al.* (served July 17, 1998) (authorizing control of Franciscan Lines, Inc., a carrier whose name was eventually changed to VecTour of California); STB Docket No. MC-F-20954, *Global Passenger Services, L.L.C., et al. -- Control -- Gongaware Tours, et al.* (served Sept. 16, 1999) (authorizing control of Tri-State and United Limo).

Assuming all required approvals are received, Coach USA Indiana, Inc. intends to change its name following consummation of the asset purchase transaction to United Limo, Inc. and to operate the assets acquired from United Limo and Tri-State under the United Limo name and the Tri-State Coach Lines trade name. The assets of VecTour of California would be operated by California Acquisition, Inc., which intends following consummation of the asset purchase transaction, to change its name to Franciscan Lines, Inc., in which name it will operate its services.² The Subject Carriers do not anticipate any significant change in the nature or level of service currently provided by the three VecTour-controlled carriers following consummation of the above-described transaction, and it is anticipated that the traveling public will experience a seamless continuation of motorcoach operations.

In order to avoid any risk of unlawful control of the Subject Carriers while this Application is pending, the stock of each of the Subject Carriers will be transferred into a separate, independent voting trust at or before the time that each attains motor carrier status. These trusts will remain in place until the date on which any final Board approval of this Application becomes effective. The trust agreements will be filed with the Board at the time of their execution.

Approval of this Application is consistent with the public interest standard set forth in 49 U.S.C. § 14303(b). As a result of the common control that would result were this Application granted, the Subject Carriers will be able to take full advantage of resources and services offered by the Applicants, as well as economies of scale, enabling them to offer transportation service more efficiently and at lower cost. Further, approval

² As noted above, VecTour of California was previously known as Franciscan Lines, Inc.

of the control authority sought here would not reduce competitive options, or adversely impact either fixed charges or the interests of the employees of the Subject Carriers.

II. DESCRIPTION OF THE PARTIES TO THE TRANSACTION

The parties to this transaction are as follows:

A. Stagecoach Group PLC and the Intermediate Subsidiaries

Stagecoach Group PLC is a public limited company organized under the laws of Scotland. Its principal executive offices are located at 10 Dunkeld Road, Perth PH1 5TW, Scotland. It was formed in 1980 and registered as a public limited company in 1991. Stagecoach, and the four Intermediate Subsidiaries, acquired control of Coach in September 1999, following the Board's now-final decision approving such control in Finance Docket No. MC-F-20948, *Stagecoach Holdings PLC – Control – Coach USA, Inc. et al.* (served July 22, 1999).

With operations in several countries, Stagecoach is one of the world's largest providers of passenger transportation services through the operation of bus and train services. Stagecoach also has been a leader in providing transit services pursuant to privatization programs.

Stagecoach's transportation business is conducted through a series of operating divisions. Its U.K. Bus Division currently operates about 7,200 buses and coaches through several regional bus companies in the U.K. In addition to Coach operations in the United States and Canada, Stagecoach's Overseas Bus Division operates buses and coaches through operating companies or joint ventures in several other nations -- Hong Kong, China, New Zealand, and Australia. The Rail Division operates

three rail franchises in the U.K.: South West Trains, Island Line and the Sheffield Supertram. In addition, Stagecoach holds a 30% equity interest (on a fully-diluted basis) in Road King Infrastructure Limited, which operates toll highways in China, and a 49% equity interest in Virgin Rail Group Limited, which operates rail franchises in the U.K.

For the fiscal year ended April 30, 2001, Stagecoach had total revenues of over \$2.7 billion. Stagecoach is listed on the London Stock Exchange, and had a market capitalization, as of August 31, 2001, of \$1,733 billion.³ Stagecoach and its subsidiaries employ approximately 39,000 persons worldwide.

SCUSI Limited and SCOTO Limited are wholly owned subsidiaries of Stagecoach. Both are corporations organized under the laws of England and Wales. These two entities are general partners in Stagecoach General Partnership, a Nevada general partnership. This partnership owns all of the shares of SCH U.S. Holdings Corp., a Delaware corporation which in turn owns all of the shares of Coach USA, Inc. Each of these Intermediate Subsidiaries was established in connection with the transaction in which Stagecoach acquired control of Coach and each is headquartered at the same address at which Stagecoach is located. While none is itself a carrier, each controls the same carriers controlled by Stagecoach and Coach.

**B. Coach USA, Inc./Coach USA North Central, Inc. /
Coach USA West, Inc.**

Coach is a Delaware corporation with headquarters at 1 Riverway, Suite 500, Houston, TX, 77056-1921. It is not a regulated carrier, but controls numerous motor passenger carriers ("Operating Carriers") that hold federally-issued interstate operating

³ All dollar figures are based on a conversion ratio of £1:\$1.47.

authority, as well as several non-federally regulated bus and taxicab companies. Coach's control of the federally-authorized carriers has been exempted or approved by the Board in numerous previous proceedings. By virtue of its control of the Operating Carriers, Coach has been able to offer those Carriers the variety of financial and management benefits described in its prior control petitions and applications, and discussed further below. The annual gross operating revenues for the Operating Carriers for the twelve month period ended with the date of this Application far exceed the \$2 million threshold for Board jurisdiction.

Coach USA North Central, Inc. is a Delaware corporation with headquarters at 1300 Beaver Ave., Pittsburgh, PA 15233. It has previously been authorized to control the following carriers: Airlines Acquisition Company, Inc. d/b/a Airlines Transportation Company (MC-223575); Blue Bird Coach Lines, Inc. (MC-108531); Butler Motor Transit, Inc. (MC-126876); Central Cab Company (MC-133058); Express Shuttle, Inc. (MC-254884); Gad-About Tours, Inc. (MC-198451); G.W. Transportation, Inc. d/b/a Greatway Transportation (MC-243414); Keeshin Transportation, L.P (MC-263222); Keeshin Charter Services, Inc. (MC-118044); Lenzner Transportation Management Services d/b/a Lenzner Coach Lines (MC-237433); Mountaineer Coach, Inc. (MC-229627); Niagara Scenic Bus Lines, Inc. (MC-30787); Sam Van Galder, Inc. (MC-112422); Wisconsin Coach Lines, Inc. (MC-123432). As noted above, Coach USA North Central here applies to assume joint control of Coach USA Indiana, Inc.

Coach USA West, Inc. is a Delaware corporation with headquarters at 4020 East Lone Mountain Road, Las Vegas, NV. The Board has previously authorized it

to control, jointly with Coach USA, the following motor passenger carriers: Airport Bus of Bakersfield (MC-163191); All West Coachlines, Inc. d/b/a All West Tours (MC-212056); Antelope Valley Bus, Inc. (MC-125057); Arrow Stage Lines, Inc. (MC-29592); Black Hawk-Central City Ace Express, Inc. (MC-273611); California Charters, Inc. (MC-241211); Desert Stage Lines, Inc. (MC-140919); Goodall's Charter Bus Service, Inc. (MC-148870); Grosvenor Bus Lines, Inc. (MC-157317); K-T Contract Services, Inc. (MC-218583); Gray Line Tours of Southern Nevada, Inc. (MC-127564); PCSTC, Inc. (MC-184852); Powder River Transportation Services, Inc. (MC-161531); Royal West Tours & Cruises, Inc. (MC-239135); Salt Lake Coaches, Inc. (MC-347528); Travel Impressions LLC (MC-340826); Valen Transportation, Inc. (MC-212398); and Worthen Van Service, Inc. (MC-142573). As noted above, Coach USA West here applies to assume joint control of California Acquisition, Inc.

C. Coach USA Indiana, Inc. and California Acquisition Corp.

Coach USA Indiana, Inc. is an Indiana corporation that intends, following consummation of the transaction, to maintain its principal place of business at 3025 N. Home St., Mishawaka, IN, currently the headquarters of United Limo. The stock of Coach USA Indiana, Inc. is owned in full by Coach USA, but that stock will be transferred into an independent voting trust prior to the time that Coach USA Indiana achieves carrier status.

Coach USA Indiana, a start-up entity, will, in its initial operations, utilize a fleet of approximately 39 motorcoaches and 8 minivans and employ approximately 160 full time and 40 part time persons. Pursuant to authority that it expects to be granted in FMCSA Docket No. MC-425233, its operations will be composed primarily of regular

route services in the states of Indiana, Illinois and Wisconsin, including regular service to/from points in those states, on the one hand, and O'Hare International Airport and Midway Airports in Chicago, on the other. Charter services will also be provided. As noted above, Coach USA Indiana expects to change its corporate name to United Limo, Inc. and to conduct operations under that name and, for a certain portion of its operations, the trade name Tri-State Coach Lines. To date, it has no operating revenues.⁴

California Acquisition, Inc. is a California corporation that intends to have its principal place of business at 300 Toland Street, San Francisco, CA. The stock of California Acquisition, Inc. is owned in full by Coach USA, but that stock will be transferred into an independent voting trust prior to the time that that entity achieves carrier status.

California Acquisition, a start-up entity, will, in its initial operations, utilize a fleet of approximately 70 motorcoaches and employ approximately 100 persons. Pursuant to authority that it expects to be granted in FMCSA Docket No. MC-425205, its operations will be composed primarily of charter and tour services in the San Francisco area, as well as other parts of California and nearby states. California Acquisition expects to change its corporate name, and conduct operations under the name, Franciscan Lines, Inc. To date, it has no operating revenues.⁵

⁴ The combined revenues of the two entities whose operations Coach USA Indiana, Inc. will replicate were approximately \$11 million during the 12 month period ending October 31, 2001.

⁵ The entity whose operations California Acquisition will replicate earned revenues of approximately \$12.5 million during the 12 month period ending October 31, 2001.

III. JURISDICTIONAL STATEMENT

Coach and the carriers it controls have earned operating revenues well in excess of \$2 million during the twelve-month period preceding the date of this application. Accordingly, the jurisdictional threshold is met with respect to the acquisition of control that is the subject of this Application.

IV. OPERATING RIGHTS

Copies of the federal operating authorities issued to Coach USA Indiana, Inc. and California Acquisition, Inc. will be submitted to the Board once these authorities have been issued by FMCSA. Copies of FMCSA-issued letters indicating the acceptance of the applications of these carriers are attached. The Subject Carriers have taken the steps required by FMCSA to receive their operating certificates and it is currently anticipated that final operating authorities will be issued by FMCSA within the next several weeks. No transfer of operating rights is contemplated by the transaction described in this Application. The Agreement provides that United Limo, Tri-State and VecTour of California will surrender their federal and other operating authorities following consummation of the transaction.

V. GRANTING THIS APPLICATION IS CONSISTENT WITH THE PUBLIC INTEREST

The Board is required to approve the proposed acquisition of control of the Subject Carriers if it finds that the transaction is consistent with the public interest. 49 U.S.C. § 14303(b). In making its public interest determination, the Board is obligated to consider (1) the effect of the proposed acquisition of control on the adequacy of service to the public, (2) the impact on total fixed charges and (3) the interests of carrier

employees. Judged by each of these factors, granting this Application would be consistent with the public interest.

As a result of the proposed acquisition of control of the Subject Carriers, those carriers will attain substantial operational and efficiency advantages that will, in turn, accrue to the benefit of the traveling public and minimize the carrier's fixed charges. These advantages are the same as those which have accrued, and will continue to accrue, to each of the Operating Carriers currently controlled by Coach over the course of the past several years. As described in the Board's prior decisions concerning Coach's acquisition of control of other bus carriers, these benefits include access to greater capital resources, favorable restructuring of debt, substantial interest cost savings, and reduced operating costs resulting from Coach's enhanced volume purchasing power.⁶ For example, the Operating Carriers benefit from the lower insurance premiums that Coach has been able to negotiate, as well as from Coach's ability to achieve volume discounts on the purchase of equipment and fuel. It is fully anticipated that the Subject Carriers will attain these same benefits and that their fixed charges will be lower than they would be absent control by Stagecoach, Coach and the other co-applicants.

Coach, Coach USA West and/or Coach USA North Central also may provide certain management services for the benefit of the Subject Carriers. These services could include centralized legal and accounting functions and coordinated

⁶ See, e.g., *Notre Capital Ventures II, LLC and Coach USA, Inc. -- Control Exemption -- Arrow Stage Lines, Inc.; Cape Transit Corp.; Community Coach, Inc.; Community Transit Lines, Inc.; Grosvenor Bus Lines, Inc.; H.A.M.L. Corp.; Leisure Time Tours; Suburban Management Corp.; Suburban Trails, Inc.; and Suburban Transit Corp.*, STB Finance Docket No. 32876 (Sub No. 1) (served May 3, 1996) ("*Coach/Arrow*"); *Coach USA, Inc. -- Control Exemption -- American Sightseeing Tours, Inc.; California Charters, Inc.; Texas Bus Lines, Inc.; Gulf Coast Transportation, Inc.; and K-T Contract Services, Inc.*, STB Finance Docket No. 33073 (served Nov. 8, 1996) ("*Coach/American*").

purchasing services. In addition, vehicle sharing arrangements may be facilitated to ensure maximum utilization and operational efficiency of equipment. Coordinated driver training services may also be provided.

In addition, Coach or its management subsidiaries will develop financial plans and coordinate other short and long term operational strategies best designed to meet the specific and unique needs of the Subject Carriers and other carriers they control. For example, a database of the assets, including the motorcoach vehicles, operated by the carriers will be maintained. Access to this database will allow the Operating Carriers to deploy vehicles more effectively, resulting in more timely and efficient service to the traveling public. The safety and compliance programs of the Operating Carriers in the relevant region also will be coordinated, with the objective of maintaining, and improving, safety performance levels for each of those Carriers.

The proposed acquisition of control will not materially reduce competitive transportation options available to the traveling public. The Subject Carriers will face substantial competition from other bus companies, private vehicles and other transportation modes in its interstate operations, just as do the entities whose assets they will operate. Thus, the traveling public will continue to have numerous transportation options following any acquisition of control that the Board may approve. The bus industry is characterized by numerous competitors and low entry barriers which, combined with strong intermodal competition, eliminates any realistic opportunity for predation or monopoly pricing. See GLI Acquisition Company – Purchase – Trailways Lines, Inc., 4 I.C.C.2d 591, 600-01 (describing the bus industry's relatively small share of

a competitive passenger transportation market dominated by other modes, particularly the private automobile). As the Board concluded at page 6 of *Coach/Arrow*,

With the low entry barriers and the pervasive intramodal and intermodal competition that characterizes the bus industry, most opportunities for abuse of market power are effectively foreclosed.

See also Coach/American at 5.

It is not anticipated that carrier employees will suffer any substantial adverse impacts from the proposed acquisition of control. The Subject Carriers, and in turn their employees, will benefit from the association with Coach, and in turn its ability to draw on greater resources than might otherwise be available to a new bus company.

Finally, Board approval of this Application will allow the acquisition of control of the Subject Carriers to be accomplished without the approval of state regulatory authorities, thus relieving the parties from potentially burdensome regulatory requirements. *See* 49 U.S.C. 14303(f), which provides that parties to approved transactions may effectuate such transactions and exercise control without the approval of any state authorities and exempts the parties to the transaction from the application of federal, state, and municipal law as necessary to allow them to carry out the transaction. *See Coach/Arrow* at 7 (finding that issuance of an exemption "will insulate petitioners from burdensome State regulations applicable to intrastate operating authorities and leave them with greater resources to support existing and future transportation services"); *Coach/American* at 6 (same).⁷

⁷ *See Colorado Mountain Express, Inc., and Airport Shuttle Colorado, Inc., d/b/a Aspen Limousine Service, Inc. -- Consolidation and Merger -- Colorado Mountain Express*, STB No. MC-F-20902 (served Feb. 28, 1997) (Board approval of bus merger under section 14303 preempts state laws

VI. SAFETY FITNESS CERTIFICATION

Coach USA Indiana, Inc. and California Acquisition, Inc., both new entities, hold no safety rating issued by the U.S. Department of Transportation. Both have applied for DOT numbers.

VII. INSURANCE COVERAGE CERTIFICATION

Each of the Subject Carriers hereby certifies that it has or will have sufficient insurance coverage under 49 U.S.C. § 10927 for the motor passenger service it will provide and that evidence of such insurance will be filed with the Federal Motor Carrier Safety Administration.

VIII. CERTIFICATION OF DOMICILE

Each of the Subject Carriers hereby certifies that it is not domiciled in Mexico nor owned or controlled by persons of that country.

IX. THE PROPOSED ACQUISITION WILL NOT HAVE A SIGNIFICANT ENVIRONMENTAL IMPACT

This Application contemplates only assumption of control of two carriers that will provide services already being offered to the public by the entities whose assets they are acquiring, and thus there will be no operational changes as a result of the transactions at issue here. See 49 C.F.R. § 1182.3(1)(6). Accordingly, as the Board has found with respect to previous Coach acquisitions, there will be no significant effect on

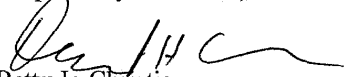
concerning transfer of intrastate operating authority held by merged carrier). *See also Board of Trustees of Trucking Employees v. Centra*, 983 F.2d 495, 503 (3d Cir. 1992) ("federal law preempts any state law that might purport to require state approval before the transfer of stock or interstate operating authority may occur"); *Washington Trucking Inc. -- Purchase Exemption -- Maddox Transfer*, 7 I.C.C. 2d 372, 378-80 (1991), *aff'd*, *Oregon Pub. Util. Comm'n v. ICC*, 979 F.2d 778, 780-81 (9th Cir. 1992); *Herman Bros., Inc. -- Purchase Exemption -- Thompson Truck Line*, 7 I.C.C. 2d 382, 386-87 (1991), *aff'd*, *Minnesota Transp. Regulation Bd. v. ICC*, 966 F.2d 335, 338-39 (8th Cir. 1992) (both holding that the ICC's preemption authority under the predecessor to section 14303(f) extends to the transfer of intrastate operating rights).

the quality of the human environment or the use of energy resources, and environmental regulation pursuant to 49 C.F.R. § 1105.7 is unnecessary. *Coach/Arrow* at 7; *Coach/American* at 6.

CONCLUSION

The Board should grant this Application for all of the reasons described above.

Respectfully submitted,


Betty Jo Christian
David H. Coburn
STEPTOE & JOHNSON LLP
1330 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 429-3000

Attorneys for Stagecoach Group
PLC; SCUSI Limited; SCOTO
Limited; Stagecoach General
Partnership; SCH US Holdings
Corp.; Coach USA, Inc.; Coach USA
West, Inc. and Coach USA North
Central, Inc.

February 21, 2002

VERIFICATION

My name is Keith Robertson Cochrane. I am Group Chief Executive of Stagecoach Group PLC and President of SCUSI Limited, SCOTO Limited, Stagecoach General Partnership, and SCH US Holdings Corp. (collectively "Stagecoach"). I hereby verify under penalty of perjury, under the laws of the United States of America, that all information supplied in connection with this application, as it relates to Stagecoach, is true and correct. Further, I certify that I am qualified and authorized to file this application. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

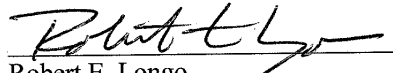


Keith Robertson Cochrane

Dated: February 15, 2002

VERIFICATION

My name is Robert E. Longo. I am Secretary and General Counsel of Coach USA, Inc. and Senior Vice President of Coach USA North Central, Inc.; Coach USA West, Inc.; Coach USA Indiana, Inc. and California Acquisition, Inc. I hereby verify under penalty of perjury, under the laws of the United States of America, that all information supplied in connection with this application, as it relates to the above entities is true and correct. Further, I certify that I am qualified and authorized to file this application. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.


Robert E. Longo

Dated: February __, 2002

EXHIBITS



U.S. Department of Transportation
Federal Motor Carrier Safety Administration

400 Virginia Avenue, SW, Suite 600
Washington, DC 20024

February 05, 2002

RE:

MC-425205-C
CALIFORNIA ACQUISITION, INC
300 TOLAND STREET
SAN FRANCISCO, CA 94124

The above application has been reviewed and accepted. This letter does not constitute authority to operate. Operations may only begin following the issuance of a certificate, license, or permit following compliance with the following requirements:

- (1) Insurance (liability: Form BMC-91 or BMC-91X and cargo: Form BMC-34) (49 CFR 387);
- (2) Designation of agents upon whom processes may be served (Form BOC-3)(49 CFR 366);
- (3) The form MCS-150, Motor Carrier Identification Report if not previously filed. To obtain information on registering with U.S. DOT (filing form MCS-150) write to Federal Motor Carrier Safety Administration, Data Analysis and Information Systems, MC-RIS, 400 7th Street SW, Washington, DC 20590. Or call: (800)832-5660(automated response system).

NOTE: To avoid delay in issuance of your operating authority, it is essential that your full and correct name(s), address and MC number (excluding suffix) be included exactly as shown above on all forms filed including those forms filed by your insurance company. Please ensure that this information is provided to your insurer.

Notice of application was published in the FMCSA Register issue of February 05, 2002. If applicant fails to comply within 20 days from the date of publication in the FMCSA Register, a decision will be served notifying the applicant that the application will stand dismissed for want of prosecution unless applicant complies with the requirements within 60 days.

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Terry Shelton, Director
Office of Data Analysis & Information Systems

GRT



U.S. Department of Transportation
Federal Motor Carrier Safety Administration

400 Virginia Avenue, SW, Suite 600
Washington, DC 20024

February 08, 2002

RE:

MC-425233-C
COACH USA INDIANA, INC
D/B/A TRI-STATE COACH LINES
2101 W. 37TH STREET
GARY, IN 46408

The above application has been reviewed and accepted. This letter does not constitute authority to operate. Operations may only begin following the issuance of a certificate, license, or permit following compliance with the following requirements:

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Terry Shelton, Director
Office of Data Analysis & Information Systems

GRT

CERTIFICATE OF SERVICE

I certify that I have this 21st day of February 2002 served a copy of the foregoing Verified Application for Control of Motor Passenger Carriers by hand delivery on:

Director of Operations
Antitrust Division
U.S. Department of Justice
601 D Street, N.W., Room 1013
Washington, D.C.

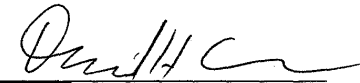
Premarmer Notification
Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

and by first class mail, postage prepaid on:

Chief, Lic. & Ins. Division
U.S. Department of Transportation
Office of Motor Carriers-HIA 30
400 Virginia Avenue, S.W., Suite 600
Washington, D.C. 20004

Motor Carrier Services Division
Indiana Department of Revenue
5252 Decatur Boulevard, Suite R
Indianapolis, IN 46241

California Public Utilities Commission
Motor Carriers Division
505 Van Ness Avenue
San Francisco, CA 94102



David H. Coburn

SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. MC-F-20989

**STAGECOACH GROUP PLC AND COACH USA, INC., et al.
-- CONTROL -- COACH USA INDIANA, INC. et al.**

AGENCY: SURFACE TRANSPORTATION BOARD

ACTION: Notice Tentatively Approving Finance Application

SUMMARY: Stagecoach Group PLC (Stagecoach) and its subsidiary, Coach USA, Inc. (Coach), non-carriers, and various subsidiaries of each (collectively, applicants), filed an application in Finance Docket No. MC-F-20989 under 49 U.S.C. 14303 for control of two entities that have applied to become two motor common carriers of passengers, Coach USA Indiana, Inc. and California Acquisition, Inc.. Persons wishing to oppose this application must follow the rules under 49 CFR part 1182.5 and 1182.8. The Board has tentatively approved the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments are due by _____, 2002. Applicants may file a reply by _____, 2001. If no comments are filed by _____, 2002, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of comments referring to STB Finance Docket No. MC-F-20989 to: Surface Transportation Board, Office of the Secretary, Case Control Branch, 1925 K Street, N.W., Washington, D.C. 20423-0001. In addition, send one copy of comments to Applicants' representative: Betty Jo Christian, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, D.C. 20036.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Stagecoach is a public limited corporation organized under the laws of Scotland. With operations in several countries, Stagecoach is one of the world's largest providers of passenger transportation services. It had total revenues for the fiscal year ending April 30, 2001 of \$2.7 billion. Coach is a Delaware corporation that currently controls over 100 motor passenger carriers.

Stagecoach and its subsidiaries currently control Coach,¹ its non-carrier regional management subsidiaries, and the motor passenger carriers jointly controlled by Coach and the management subsidiaries.² In previous Board decisions, Coach management subsidiaries, including co-applicants Coach USA North Central, Inc. and Coach USA West, Inc. have obtained authority to control motor passenger carriers jointly with Coach.³

Applicants state that Coach formed Coach USA Indiana, Inc. and California Acquisition, Inc. in January 2002 and that these entities, together with Coach, are party to an asset purchase transaction that contemplates that they will acquire motorcoaches and other assets from three carriers that are currently controlled by VecTour Inc.⁴ VecTour is presently in Chapter 11 status and the asset acquisition is therefore subject to the approval of the U.S. Bankruptcy Court for the District of Delaware.

Coach USA Indiana and California Acquisition have applied for authority from the Federal Motor Carrier Safety Administration to operate as motor common carriers of passengers in interstate commerce and they anticipate receiving operating certificates shortly.⁵ Before these

¹ Stagecoach controls Coach through various subsidiaries, namely, SCUSI Limited (formerly known as SUS 1 Limited); SCOTO Limited (formerly known as SUS 2 Limited); Stagecoach General Partnership and SCH US Holdings Corp.

² See Stagecoach Holdings PLC — Control — Coach USA, Inc., et al., STB Docket No. MC-F-20948 (STB served July 22, 1999).

³ See Coach USA, Inc. and Coach USA North Central, Inc. — Control — Nine Motor Carriers of Passengers, STB Docket No. MC-F-20931, et al. (STB served July 14, 1999).

⁴ The Board has previously approved common control of the three carriers whose assets are being acquired. See STB Docket No. MC-F-20924, *Global Passenger Services, L.L.C., et al. -- Control -- Bortner Bus Company, et al.* (served July 17, 1998) (authorizing control of Franciscan Lines, Inc., a carrier whose name was eventually changed to VecTour of California); STB Docket No. MC-F-20954, *Global Passenger Services, L.L.C., et al. -- Control -- Gongaware Tours, et al.* (served Sept. 16, 1999) (authorizing control of Tri-State Coach Lines, Inc. and United Limo, Inc.).

⁵ Coach USA Indiana, Inc. is an Indiana corporation that will be headquartered in Mishiwaka, IN. It has applied for federally issued operating authority in Docket No. MC-425233, seeking authority to provide charter and special services between points in the United States and to provide regular route service over specified routes in Indiana, Illinois and Wisconsin. Coach USA Indiana will operate assets being acquired from two motor passenger carriers controlled by VecTour Inc., United Limo, Inc. and Tri-State Coach Lines, Inc. This will consist of approximately 39 motorcoaches and 8 minivans. It will also employ approximately 160 full time and 40 part-time persons. Coach USA Indiana intends to initiate carrier operations following the closing of its asset acquisition transaction, and it plans to change its corporate name to, and conduct operations as, United Limo, Inc. and also utilize the trade name Tri-State Coach Lines. To date, it has no revenues.

entities obtained operating authority, Coach placed the stock of each entity into a separate independent voting trust. The control transaction that is the subject of this Application will not involve any transfer of the federal operating authority held by either entity. Coach USA Indiana, Inc. would also be jointly controlled by Coach USA North Central, Inc., a management company wholly owned by Coach. California Acquisition, Inc. would also be jointly controlled by Coach USA West, Inc., another management company wholly owned by Coach.

Applicants have submitted information, as required by 49 CFR 1182.2(a)(7), to demonstrate that the proposed acquisition of control is consistent with the public interest. Applicants state that the proposed acquisition of control will not reduce competitive options, adversely impact fixed charges, or adversely impact the interests of the employees of either entity. They assert that granting the application will allow both prospective carriers to take advantage of economies of scale and substantial benefits offered by applicants, including interest cost savings and reduced operating costs. In addition, applicants have submitted all of the other statements and certifications required by 49 CFR 1182.2. Additional information, including a copy of the application, may be obtained from the applicants' representative.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees.

On the basis of the application, we find that the proposed acquisition of control is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

California Acquisition, Inc. is a California corporation that will be headquartered at 300 Toland St., San Francisco, CA. It has applied for federally issued operating authority in Docket No. MC-425205, seeking authority to provide charter and special services between points in the United States. California Acquisition will operate assets being acquired, through the same transaction to which Coach USA Indiana, Inc. is party, from VecTour of California, currently a motor passenger carrier. This will consist of approximately 70 motorcoaches. It will also employ approximately 100 persons. California Acquisition intends to initiate carrier operations following the March 14, 2002 closing of its asset acquisition transaction and it plans to change its corporate name to, and conduct operations as, Franciscan Lines, Inc.. To date, it has no revenues.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

The decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed acquisition of control is approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this decision will be deemed as having been vacated.
3. This decision will be effective on _____, 2002, unless timely opposing comments are filed.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Office of Motor Carrier Safety – HMCE-20, 400 Virginia Avenue, S.W., Suite 600, Washington, DC 20024; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 400 7th Street, S.W., Washington, DC 20590.

Decided: _____, 2002

By the Board, Chairman Morgan and Vice Chairman Burkes.

Vernon A. Williams, Secretary