

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF 3329003 CANADA INC., MEGABUS CANADA INC.,
3376249 CANADA INC., 4216849 CANADA INC., TRENTWAY-WAGAR
(PROPERTIES) INC., TRENTWAY-WAGAR INC. AND DOUGLAS BRAUND
INVESTMENTS LIMITED**

**APPLICATION OF COACH USA, INC. UNDER SECTION 46 OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**REPORT OF THE PROPOSED INFORMATION OFFICER
ALVAREZ & MARSAL CANADA INC.**

June 14, 2024

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APPENDICES

Appendix “A” – Summary of DIP Facility

1.0 INTRODUCTION

- 1.1 On June 11, 2024 (the “**Petition Date**”), Coach USA, Inc. (“**Coach USA**”) and certain of its affiliates (collectively, the “**Chapter 11 Debtors**” or the “**Company**”) commenced cases in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”) by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the “**Chapter 11 Cases**”).
- 1.2 The primary purpose of the Chapter 11 Cases is to provide the Chapter 11 Debtors with the necessary relief to continue the Sale Process (as defined below) that began prior to the Petition Date and consummate value maximizing transactions, that include the Canadian subsidiaries, 3329003 Canada Inc., Megabus Canada Inc. (“**Megabus Canada**”), 3376249 Canada Inc., 4216849 Canada Inc., Trentway-Wagar (Properties) Inc. (“**Trentway-Wagar (Properties)**”), Trentway-Wagar Inc. (“**Trentway-Wagar**”) and Douglas Braund Investments Limited (collectively, the “**Canadian Debtors**”). Each of the Canadian Debtors is also a Chapter 11 Debtor in the Chapter 11 Cases.
- 1.3 On the Petition Date, the Chapter 11 Debtors filed a number of motions for interim and/or final orders (the “**First Day Motions**”) in the Chapter 11 Cases to permit the Chapter 11 Debtors to continue to operate their business in the ordinary course and to continue to advance the Sale Process. Following a hearing in respect of the First Day Motions (the “**First Day Hearing**”), the U.S. Bankruptcy Court granted certain orders (the “**First Day**

Orders”), including an order (the “**Foreign Representative Order**”) authorizing Coach USA to act as foreign representative on behalf of the Chapter 11 Debtors’ estates.¹

1.4 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Information Officer**”) understands that Coach USA, in its capacity as the foreign representative in respect of the Chapter 11 Cases (in such capacity, the “**Foreign Representative**”), intends to make application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for recognition of the Chapter 11 Cases pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (“**CCAA**”) (the “**CCAA Recognition Proceedings**”, and together with the Chapter 11 Cases, the “**Restructuring Proceedings**”). Other than the Chapter 11 Cases and the CCAA Recognition Proceedings, the Proposed Information Officer understands that there are currently no other foreign proceedings in respect of the Chapter 11 Debtors.

1.5 The purpose of this Report of the Proposed Information Officer (this “**Pre-Filing Report**”) is to provide this Court with background information with respect to the Chapter 11 Debtors and the Restructuring Proceedings, and to assist the Court in considering the Foreign Representative’s request for the following relief:

¹ Copies of the each of the Chapter 11 Orders and other documents related to the Chapter 11 Cases are available at the website maintained by Kroll: <https://cases.ra.kroll.com/CoachUSA/>.

- (a) an order, among other things, recognizing the Chapter 11 Cases as “foreign main proceedings” in respect of the Canadian Debtors (the “**Initial Recognition Order**”); and
- (b) an order, among other things: (i) recognizing certain of the First Day Orders entered in the Chapter 11 Cases, including the Foreign Representative Order; (ii) granting a stay of proceedings in respect of the Canadian Debtors, and their respective directors and officers, in Canada; (iii) appointing A&M as information officer in respect of the CCAA Recognition Proceedings (in such capacity, the “**Information Officer**”); and (iv) granting the Administration Charge, the Directors’ Charge and the DIP Charge (each as defined below) (the “**Supplemental Order**”).

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Pre-Filing Report, A&M has relied solely on information and documents provided by the Foreign Representative and other Chapter 11 Debtors, their U.S. financial advisor and their Canadian legal counsel, and publicly available documents filed with the U.S. Bankruptcy Court (collectively the “**Information**”). Except as otherwise described in this Pre-Filing Report:

- (a) the Proposed Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Information Officer has not audited or

otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CASs”) pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”) and accordingly, the Proposed Information Officer expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

- (b) some of the information referred to in this Pre-Filing Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Handbook, has not been performed.

2.2 Future-oriented financial information referred to in this Pre-Filing Report was prepared based on estimates and assumptions made by the Company’s management. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, and the variations could be significant.

2.3 This Pre-Filing Report should be read in conjunction with the Affidavit of Spencer Ware, sworn on June 13, 2024 (the “**Ware Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Ware Affidavit.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

3.0 A&M'S QUALIFICATIONS TO ACT AS INFORMATION OFFICER

- 3.1 A&M was engaged by the Canadian Debtors effective February 21, 2024, for the purpose of preparing for the CCAA Recognition Proceedings and to act as the Information Officer. As such, A&M is familiar with the business and operations of Coach USA and the Canadian Debtors, and the key issues and stakeholders in the proposed CCAA Recognition Proceedings.
- 3.2 A&M is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and has significant experience in connection with proceedings under the CCAA, including acting as Information Officer in the recognition proceedings of WeWork Canada, Yellow Corporation, Sungard Availability Services, Knotel Canada, Brooks Brothers Canada, Pier 1 Imports, Jack Cooper Ventures, Payless Shoes, Modular Space Holdings, LightSquared, Durabla Canada and others.
- 3.3 The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants, Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees, who have acted in cross-border restructurings and CCAA matters of a similar nature in Canada.
- 3.4 The Proposed Information Officer has retained Osler, Hoskin & Harcourt LLP (“**Osler**”) to act as its independent legal counsel.

- 3.5 A&M has consented to act as Information Officer should this Court approve the requested Initial Recognition Order and the Supplemental Order.

4.0 BACKGROUND

Company Overview

- 4.1 The Company (including the Canadian Debtors) is a 100 year-old leading provider of ground passenger transportation and mobility solutions in North America, with 25 business segments throughout the United States and Canada. An overview and description of the Company and the Canadian Debtors is provided in the Ware Affidavit.
- 4.2 As of June, 2024, the Company employed approximately 2,768 people, approximately 1,660 of which are comprised of drivers. As of June 2024, the Canadian Debtors had 366 employees (the “**Canadian Employees**”), approximately 216 of which are unionized. Approximately 273 Canadian Employees were located in Ontario and 93 in Quebec.
- 4.3 The Company’s employees, including the Canadian Employees, are members of several unions (the “**Unions**”). Approximately 1,600 employees of the Company are union members.
- 4.4 The Company currently has four unions in Canada (the “**Canadian Unions**”): (i) one operates in the Greater Toronto Area, with a bargaining unit comprised of full-time and part-time garage employees, including bus washers/cleaners; (ii) one operates in Montreal, with a bargaining unit comprised of drivers and maintenance staff for the Company’s sightseeing business division; and (iii) two operate in both Quebec and

Ontario, with bargaining units comprised of drivers. Further details on the Unions, including the Canadian Unions, are provided in the Ware Affidavit.

- 4.5 The Company sponsors two defined contribution pension plans, which require that employer and employee contributions be made in respect of participating employees.
- 4.6 The Canadian Debtors are a relatively small part of the broader integrated corporate group. For the year ended December 31, 2023, the Canadian Debtors represented approximately 9.7% of the Company's consolidated revenue and, as of June 2024, approximately 13.2% of its workforce.
- 4.7 As of the Petition Date, the Company had two storage centers and 10 locations in Canada, a summary of which is provided in the Ware Affidavit.
- 4.8 The Canadian Debtors' assets consist primarily of cash, accounts receivable, operating leases, bus fleet and equipment and certain intercompany balances as between the Canadian Debtors and other Chapter 11 Debtors.
- 4.9 As of the Petition Date, approximately \$1.6 million was payable to unsecured trade creditors, comprised of amounts owing to trade vendors, fuel, third party ticket providers and parts and suppliers, among others.
- 4.10 A detailed discussion of the Chapter 11 Debtors' business, including the events leading up to the Restructuring Proceedings, is provided in the Ware Affidavit.

Prepetition Capital Structure and Debt

4.11 As of June 11, 2024, the Chapter 11 Debtors owed approximately \$307.5 million in aggregate principal amount of outstanding secured debt and unsecured funded debt as summarized below.

Prepetition Credit Facility	Approximate Outstanding Principal Amount
Prepetition ABL Facility (Revolving Loans and Letters of Credit)	\$182.2 million
SCUSI Note	87.6 million
Main Street Loan (Unsecured)	37.7 million
Total	\$307.5 million

4.12 Each of these credit facilities is described in detail in the Ware Affidavit. Key terms and components of the facilities include the following:

Prepetition Credit Facilities	
Prepetition ABL Facility	
Borrower	<ul style="list-style-type: none"> Certain of the Chapter 11 Debtors (including Canadian Debtors: Megabus Canada, Trentway-Wagar (Properties), and Trentway-Wagar)
Lender/Agent	<ul style="list-style-type: none"> Wells Fargo Bank National Association (“Wells Fargo”), as administrative agent, joint lead arranger, and lender MUFG National Bank, N.A, as joint lead arranger and syndication agent MUFG Union Bank, N.A., as lender City National Bank, as lender
Principal Outstanding	<ul style="list-style-type: none"> \$146.6 million of revolving loans + \$35.6 million of letters of credit
Security & Guarantors	<ul style="list-style-type: none"> Perfected priority liens on substantially all of the Chapter 11 Debtors’ assets All Canadian Debtors are guarantors of and have granted security in respect of the Prepetition ABL Facility
SCUSI Note	
Borrower	<ul style="list-style-type: none"> Project Kenwood Intermediate Holdings I, Inc.

Lender/Agent	<ul style="list-style-type: none"> • SCUSI Limited (“SCUSI”)
Principal Outstanding	<ul style="list-style-type: none"> • \$87.6 million
Security & Guarantors	<ul style="list-style-type: none"> • Right, title and interest in the equity interests in Project Kenwood Intermediate Holdings II, LLC, which is the parent company to Coach USA
Main Street Loan	
Borrowers	<ul style="list-style-type: none"> • Certain of the Chapter 11 Debtors (including Megabus Canada, Trentway-Wagar and Trentway-Wagar (Properties))
Lender	<ul style="list-style-type: none"> • Wells Fargo as Lender
Principal Outstanding	<ul style="list-style-type: none"> • \$37.7 million
Security & Guarantors	<ul style="list-style-type: none"> • Unsecured

4.13 The Prepetition ABL Facility provided the Chapter 11 Debtors with, among other things, up to \$180,000,000 aggregate principal amount of Revolver Loans (as defined in the Prepetition ABL Agreement) and is secured by liens on substantially all of the Chapter 11 Debtors’ assets, including the assets of the Canadian Debtors.

4.14 The security granted by the Chapter 11 Debtors in respect of the Prepetition ABL Facility includes: (i) a guaranty and security agreement dated as of April 16, 2019, between the Canadian Debtors and Wells Fargo (the “**Canadian Guaranty and Security Agreement**”); (ii) a deed of hypothec dated as of April 16, 2019 between the Canadian Debtors and Wells Fargo (the “**2019 Deed of Hypothec**”); and (iii) a deed of hypothec dated as of June 10, 2024 between the Canadian Debtors and Wells Fargo (the “**2024 Deed of Hypothec**” and, together with the 2019 Deed of Hypothec, the “**Deeds of Hypothec**”).

- 4.15 Pursuant to the Canadian Guaranty and Security Agreement, the Canadian Debtors unconditionally and irrevocably guaranteed the payment of all Guaranteed Obligations (as defined therein) under the Prepetition ABL Facility and granted Wells Fargo (for the benefit of the Secured Parties (as defined therein)), a security interest in all of the present and after acquired property of the Canadian Debtors. Pursuant to the Deeds of Hypothec, the Canadian Debtors hypothecated and created a security interest in favour of Wells Fargo, in its capacity as hypothecary representative for the Secured Parties in the Hypothecated Property (each as defined therein).
- 4.16 In addition, the Chapter 11 Debtors have approximately \$35.6 million of letters of credit outstanding under the Prepetition ABL Facility, which if drawn would be funded through the mechanics of the Prepetition ABL Facility.
- 4.17 As of June 11, 2024, the Company had approximately \$13.5 million owed to capital lessors who are secured by liens over certain of the Company's capital assets, and outstanding unsecured debt obligations of at least \$171.7 million, including trade and other claims.

Security Review

- 4.18 The Proposed Information Officer requested that Osler, as its independent legal counsel, conduct a review of the security granted by the Canadian Debtors in respect of the Prepetition ABL Facility in the provinces of Ontario and Quebec. Osler has verbally confirmed to the Proposed Information Officer that, subject to customary restrictions,

assumptions, qualifications and discussions, such security constitutes valid and enforceable security in the applicable Canadian provinces, and that the necessary registrations have been made in the applicable Canadian provinces in order to perfect or render opposable against third parties such security. The Proposed Information Officer expects to receive written opinions from Osler confirming the above verbal opinions shortly. Any interested party in the CCAA Recognition Proceedings that wishes to review the opinions once prepared should contact the Proposed Information Officer to request copies thereof.

- 4.19 Osler notes that with respect to the Deeds of Hypothec, the 2024 Deed of Hypothec is the hypothec being relied upon for Osler's opinion described above. The Proposed Information Officer understands that the 2024 Deed of Hypothec was granted by the Canadian Debtors because of the description of the hypothecated property in the 2019 Deed of Hypothec and the sufficiency of the description of the assets excluded from the collateral description (which are defined in the 2019 Deed of Hypothec as the "Excluded Assets"). The incorporation of the description of Excluded Assets in the charging provision of the 2019 Deed of Hypothec arguably adversely impacts the description of the hypothecated property as a whole. Osler notes that the Quebec Register of Personal and Movable Real Rights search results do not show any movable hypothecs registered against the Canadian Debtors other than the 2024 Deed of Hypothec and the 2019 Deed of Hypothec. The Proposed Information Officer understands that the granting of the 2024 Deed of Hypothec was to ensure that the Prepetition ABL Facility lenders have been

provided with the Quebec security always intended under the Prepetition ABL Facility loan and security documents.

Cash Management Systems

- 4.20 As described in the Ware Affidavit, the Chapter 11 Debtors maintain an integrated, centralized cash management system (the “**Cash Management System**”) to collect, transfer and disburse funds generated by their operations.
- 4.21 The Cash Management System serves numerous functions including, among other things:
- (i) providing the ability to track and control corporate funds; (ii) ensuring cash availability; (iii) prompting payment of corporate, employee and vendor-related expenses; and (iv) reducing administrative costs by facilitating the efficient movement of funds.
- 4.22 The Cash Management System is comprised of ninety-six (98) bank accounts that handle the primary collection and disbursement of funds, seven (7) of which are located in Canada (collectively, the “**Canadian Bank Accounts**”). The Canadian Bank Accounts are managed on a day-to-day basis by the Canadian Debtors’ financial personnel at the Canadian Debtors’ offices located in Peterborough, Ontario and are overseen by the Chapter 11 Debtors’ financial personnel located in the United States.

- 4.23 Funds are received by the Canadian Debtors in their deposit and merchant accounts. Following receipt in the deposit and merchant accounts, such funds are then deposited into an operating account with Scotia Bank (the “**Scotia Operating Account**”).
- 4.24 Following deposit in the Scotia Operating Account, funds are then typically remitted to a Canadian dollar-denominated interest-bearing account with Wells Fargo (the “**Wells Fargo Interest Bearing Account**”). Funds that are held in a Wells Fargo Interest Bearing Account are included in the Wells Fargo borrowing base under the Main Street Loan and Prepetition ABL Facility.
- 4.25 Funds that are in the Scotia Operating Account may be subject to transfer into the Chapter 11 Debtors’ operating bank account in the U.S. at the sole discretion of U.S. Management, based on available balances and funding needs.
- 4.26 As at the Petition Date, the Canadian Bank Accounts held a total of approximately CAD\$2.8 million.

Sale Process

- 4.27 The Proposed Information Officer understands that, prior to the Petition Date, the Company explored various strategic alternatives, including refinancings, recapitalizations, and asset sales. Among other things, the Company and its advisors launched a marketing process for the sale of substantially all of the Company’s assets (the “**Sale Process**”).

- 4.28 In conjunction with this process, a data room was set-up and information regarding the Company's business was populated. The Sale Process has resulted in: (i) two going concern stalking horse bids for substantially all of the assets of 16 of the Company's business segments, including all of the Canadian operations; and (ii) a stalking horse bid for the liquidation of the Chapter 11 Debtors' double deck buses (collectively, the "**Stalking Horse Bids**"). Only one of the Stalking Horse Bids (the "**NewCo Stalking Horse Bid**") is relevant to the Company's Canadian operations and assets. The NewCo Stalking Horse Bid contemplates, among other things, the purchase of all or substantially all of the Canadian Debtors' assets and operations.
- 4.29 The Chapter 11 Debtors intend to seek the U.S. Bankruptcy Court's approval of a motion (the "**Bidding Procedures Motion**") for the conduct of an auction for all of their assets with the Stalking Horse Bids as a baseline for their respective assets. If granted by the U.S. Bankruptcy Court, the Foreign Representative intends to bring another motion before this Court seeking recognition in Canada of the order granting the Bidding Procedures Motion as soon as reasonably practicable thereafter.
- 4.30 The Proposed Information Officer understands that, in the event that a going concern transaction does not materialize pursuant to the Sales Process with respect to some or all of the Company's operations, the Company will seek to wind down operations.

5.0 CENTRE OF MAIN INTEREST

- 5.1 The Chapter 11 Debtors, including the Canadian Debtors, are managed in the United States as an integrated group from a corporate, strategic and management perspective.
- 5.2 The Ware Affidavit describes the Chapter 11 Debtors' integrated business. The Canadian Debtors are wholly dependent on Coach USA and other Chapter 11 Debtors located in the United States for key leadership and managerial, accounting, finance and other critical functions typically performed by a corporate head office. Similarly, legal decisions are made in the U.S. and the Canadian Debtors are unable to enter into legally binding contracts or financial arrangements without the prior authorization of U.S. management.
- 5.3 The Ware Affidavit confirms that the Canadian Debtors are all borrowers and/or guarantors under the Prepetition ABL Facility along with certain of the U.S. Chapter 11 Debtors.
- 5.4 Based on the foregoing, the Proposed Information Officer is of the view that it would be appropriate to recognize the Chapter 11 Cases as "foreign main proceedings" pursuant to the CCAA.

6.0 DIP FACILITY

- 6.1 As set out in the Ware Affidavit, the Company lacks the funding required to maintain its operations and administer the Chapter 11 Cases and the CCAA Recognition Proceedings.

Without access to debtor-in-possession financing and the ability to use cash collateral, the Company would be unable to, among other things, meet employee payroll obligations and payments to vendors, and its operations would immediately cease.

- 6.2 As discussed in the Ware Affidavit, in advance of the First Day Hearing, the Chapter 11 Debtors received a proposal for debtor in possession financing (the “**DIP Facility**”) extended by the Prepetition ABL Lenders (in their capacity as postpetition lenders, the “**DIP Lenders**”).
- 6.3 The Proposed Information Officer understands that before entering into the DIP Facility, the Chapter 11 Debtors’ investment advisor, Houlihan Lokey Capital Inc. (“**Houlihan**”) launched a marketing process to gauge third-party interest in providing postpetition financing to the Company. Of the 11 parties that engaged with Houlihan, none were willing to extend financing on a junior basis to the Prepetition ABL Facility. Similarly, no party submitted a proposal for financing on terms that were more favourable than the DIP Facility.
- 6.4 The DIP Facility provides the Company with up to \$20.0 million of new money financing which will enable the Company to fund operations and administer the Chapter 11 Cases and the CCAA Recognition Proceedings. Also included under the DIP Facility is the ability to request the issuance of letters of credit of up to \$40.0 million.

- 6.5 The DIP Facility has been structured to include a “creeping-roll up”, pursuant to which postpetition receipts will be applied to repay prepetition obligations owing to Prepetition ABL Lenders under the Prepetition ABL Facility.
- 6.6 The DIP Agreement is described in further detail in the Ware Affidavit, and certain key terms and components are summarized and attached hereto in **Appendix “A”**. The DIP Agreement requires that the Foreign Representative obtain an order of this Court recognizing the Interim DIP Order on or before June 18, 2024, or as soon as possible in the circumstances thereafter.
- 6.7 The Proposed Information Officer has compared the pricing and other financial terms of the DIP Facility to other similar DIP facilities (i.e. working capital revolving facilities) approved by the Canadian courts in previous CCAA proceedings. Based on the Proposed Information Officer’s review, the cost of the proposed DIP Facility is consistent with other similar recently approved DIP facilities.

DIP Charge

- 6.8 The proposed Supplemental Order contemplates the granting of a court-ordered charge (the “**DIP Charge**”) in favour of the DIP Lenders on the present and future assets, property and undertakings of the Canadian Debtors (the “**Canadian Property**”) to secure the obligations outstanding from time to time under the DIP Facility.

- 6.9 In connection with the Prepetition ABL Facility, the Canadian Debtors have previously granted security over substantially all of the Canadian Property to the Prepetition ABL Lenders, which are also the DIP Lenders under the DIP Facility.
- 6.10 Accordingly, the Foreign Representative, requests that the Court grant the DIP Charge over the Canadian Property, which would be subordinate to the proposed Administration Charge and the Directors' Charge, and rank in priority to all other encumbrances, except: (a) to the extent of any encumbrances in favour of any person that did not receive notice of the application for the Supplemental Order; and (b) to the extent the Interim DIP Order provides that any such encumbrance ranks in priority to or *pari passu* with the liens granted in favour of the DIP Lenders pursuant to the Interim DIP Order.
- 6.11 Based on the foregoing, the Proposed Information Officer believes that the Court's recognition of the Interim DIP Order and granting the DIP Charge is reasonable and appropriate in the circumstances.

7.0 ADDITIONAL ORDERS FOR WHICH RECOGNITION IS BEING SOUGHT

- 7.1 In addition to the Interim DIP Order, the Foreign Representative is seeking recognition by this Court of several of the other First Day Orders, each of which are, for the most part, customary in Chapter 11 proceedings.

7.2 The Proposed Information Officer, together with its legal counsel, have reviewed the terms of each of the First Day Orders that the Foreign Representative is seeking recognition of, and supports the recognition of such First Day Orders by this Court.

7.3 Each of the orders for which recognition is being sought in the CCAA Recognition Proceedings is defined and further described in the Ware Affidavit and copies are attached as Exhibits thereto.

8.0 COURT ORDERED CHARGES SOUGHT IN THE SUPPLEMENTAL ORDER

8.1 In addition to the DIP Charge discussed above, pursuant to the proposed Supplemental Order, the Chapter 11 Debtors are also seeking the Court's approval of the Administration Charge and the Directors' Charge.

8.2 The relative priority of the Administration Charge, the Directors' Charge and the DIP Charge, as among them, is proposed to be as follows:

- (a) First – Administration Charge (to the maximum amount of \$500,000);
- (b) Second – Directors' Charge (to the maximum amount of \$3.9 million); and
- (c) Third – DIP Charge.

Administration Charge

8.3 The proposed Supplemental Order provides for an administration charge on the Canadian Property in the maximum amount of \$500,000 (the “**Administration Charge**”), securing

the professional fees of Chapter 11 Debtors' Canadian counsel, the Information Officer and legal counsel to the Information Officer.

- 8.4 The Administration Charge is a customary protection provided to professionals assisting with insolvency proceedings. The Proposed Information Officer has reviewed the quantum of the proposed Administration Charge and believes it is reasonable and appropriate in the circumstances having considered the complexity of the CCAA Recognition Proceedings, the work that has been completed to date, the engagement terms and anticipated work levels of the Proposed Information Officer, the Proposed Information Officer's counsel, and the Chapter 11 Debtors' Canadian counsel, and the size of court-ordered administration charges approved in comparable insolvency proceedings.

Directors' Charge

- 8.5 The proposed Supplemental Order provides that the Canadian Debtors will indemnify their directors and officers against obligations and liabilities that they may incur in their capacity as directors and officers of the Canadian Debtors from the commencement of the CCAA Recognition Proceedings, which includes any obligations and liabilities for wages, vacation pay or termination or severance pay due to employees of the Canadian Debtors under the *Canada Labour Code*, R.S.C., 1985, c. L-2, as amended, whether or not any such employee was terminated prior to or after the commencement of the Restructuring Proceedings (except to the extent that any obligation or liability was

incurred as a result of gross negligence or willful misconduct), and provides for a charge on the Canadian Property in the amount \$3.9 million in favour of the Canadian Debtors' directors and officers as security for any such obligations or liabilities arising after the commencement of the CCAA Recognition Proceedings (the "**Directors' Charge**").

8.6 The proposed Supplemental Order also contemplates that the Directors' Charge shall be reduced: (a) to \$450,000 upon the completion of one or more transactions for the sale of all or substantially all of the Canadian Property providing for employment of substantially all employees of the Canadian Debtors and a corresponding reduction in exposure in the liabilities for the directors and officers of the Canadian Debtors that were secured under the Directors' Charge; or (b) such other amount to be determined by the Chapter 11 Debtors and the DIP Lenders, in consultation with the Information Officer, upon the service by the Information Officer of a certificate on the service list in the CCAA Recognition Proceedings.

8.7 In the Proposed Information Officer's view, upon the completion of one or more transactions for the sale of all or substantially all of the Canadian Property providing for employment of substantially all employees of the Canadian Debtors and a corresponding reduction in exposure in the liabilities for the directors and officers of the Canadian Debtors that were secured under the Directors' Charge, there is no longer a need to maintain the initial size of the Directors' Charge. In addition, the potential remaining obligations are expected to decrease further as the Chapter 11 Debtors continue to make

payments in the ordinary course. This relief will permit the Directors' Charge to be reduced without another court attendance.

- 8.8 The Proposed Information Officer assisted the Canadian Debtors in the calculation of the Directors' Charge, taking into consideration the amount of the Canadian Debtors' payroll and vacation pay, statutory termination and severance obligations, and HST. The Proposed Information Officer is of the view that the Directors' Charge is required and reasonable in the circumstances, and the proposed manner to reduce the Directors' Charge is reasonable and appropriate in the circumstances.

9.0 PROPOSED INITIAL ACTIVITIES OF THE INFORMATION OFFICER

- 9.1 The Supplemental Order proposes that following its appointment, the initial activities of the Information Officer will include:

- (a) establishing a website at <https://www.alvarezandmarsal.com/coachcanada> to make available copies of the Orders granted in the CCAA Recognition Proceedings, as well as other relevant motion materials, reports and information;
- (b) coordinating publication of the notice of the Chapter 11 Cases and CCAA Recognition Proceedings in *The Globe & Mail (National Edition)* newspaper, commencing within five business days from the date of the Initial Recognition Order, once a week for two consecutive weeks;
- (c) responding to creditor inquiries regarding the Restructuring Proceedings;

- (d) providing such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (e) providing the Court with periodic reports on the status of the Chapter 11 Cases, which reports may include information relating to the property and the business of the Chapter 11 Debtors or such other matters as may be relevant to these proceedings; and
- (f) engaging with Osler in respect of the exercise of its powers and the performance of its obligations.


10.0 RECOMMENDATIONS

10.1 The Proposed Information Officer has reviewed the terms of the proposed Initial Recognition Order and Supplemental Order, and believes that the relief sought by the Foreign Representative, as set out in the form of Orders submitted to the Court for approval, are fair and reasonable in the circumstances, having regard to the current status of the Canadian Debtors. The Proposed Information Officer believes that the terms of the Supplemental Order relating to its role as information officer are fair and reasonable, and consistent with the terms of appointments of information officers in other recognition proceedings under the CCAA.

10.2 Based on the foregoing, the Proposed Information Officer respectfully recommends that this Court grant the relief requested by the Foreign Representative in the Initial Recognition Order and the Supplemental Order.

All of which is respectfully submitted to the Court this 14th day of June, 2024.

ALVAREZ & MARSAL CANADA INC.,
Proposed Information Officer of the Canadian Debtors
and not in its personal or corporate capacity

Per: 
Alan J. Hutchens
Senior Vice-President

APPENDIX “A” SUMMARY OF DIP FACILITY

DIP Facility ²	
Summary of Material Terms	
Borrowers and Guarantors	<ul style="list-style-type: none"> • Project Kenwood Acquisition LLC, as Administrative Borrower • The Borrowers under the DIP Facility are Project Kenwood Acquisition, LLC and the Borrowers identified on the signature pages to the DIP Agreement³ • Certain Chapter 11 Debtors, including Canadian Debtors as Guarantors
Lender	<ul style="list-style-type: none"> • Wells Fargo Bank, National Association • US Bank National Association • City National Bank, N.A.
Committed Financing	<ul style="list-style-type: none"> • Up to \$20.0 million of new money financing • Ability to request that the Agent issue letters of credit up to \$40.0 million
Maturity Date	<ul style="list-style-type: none"> • The earlier of (a) one hundred eighty (180) days after the Petition Date, (b) twenty-eight (28) days after the consummation of a sale of all or substantially all of the Debtors’ assets, and (c) the effective date of a plan of reorganization

² Capitalized terms used and not defined herein have the meanings given to them in the DIP Agreement.

³ The Borrowers identified on the signature page to the DIP Agreement include: Lakefront Lines, Inc., Megabus Canada Inc., Trentway-Wagar (Properties) Inc., Trentway-Wagar Inc., Coach USA, Inc., Dillon’s Bus Service, Inc., Hudson Transit Lines, Inc., Cam Leasing, LLC, Coach USA MBT, LLC, Megabus Northeast, LLC, Megabus Southeast, LLC, Voyavation, LLC, Megabus USA, LLC, Pacific Coast Sightseeing Tours & Charters, Inc., Coach USA Illinois, Inc., Coach Leasing, Inc., TRT Transportation, Inc., Tri-State Coach Lines, Inc., Megabus West, LLC, Coach Us Administration, Inc., Route 17 North Realty, LLC, 349 First Street Urban Renewal Corp., Barclay Transportation Services, Inc., Barclay Airport Service, Inc., Colonial Coach Corp., Community Coach, Inc., Community Transit Lines, Inc., Community Transportation, Inc., Orange, Newark, Elizabeth Bus, Inc., Perfect Body, Inc., Short Line Terminal Agency, Inc., Suburban Management Corp., Suburban Transit Corp., Rockland Coaches, Inc., Olympia Trails Bus Company, Inc., Independent Trails Bus Company, Inc., Clinton Avenue Bus Company, Hudson Transit Corporation, Powder River Transportation Services, Inc., Chenango Valley Bus Lines, Inc., Rockland Transit Corporation, Midtown Bus Terminal Of New York, Inc., The Bus Exchange, Inc., Gad-About Tours, Inc., Central Cab Company, Central Charters & Tours, Inc., Transportation, Management Services, Inc., Butler Motor Transit, Inc., Lenzner Tours, Inc., Megabus Southwest, LLC, Kerrville Bus Company, Inc., All West Coachlines, Inc., American Coach Lines Of Atlanta, Inc., Sam Van Galder, Inc., Wisconsin Coach Lines, Inc., and Elko, Inc.

Interest Rates and Fees	<ul style="list-style-type: none"> • Interest Rate: Base Rate plus 4.00% per annum • Closing Fee: A closing fee in an amount equal to \$600,000 • Unused Line Fee: 0.5% per annum times (i) the Maximum Revolver Amount, minus (ii) the average amount of the Revolver Usage, during the immediately preceding month (or portion thereof), payable monthly in arrears • Monthly Servicing Fee: A monthly servicing fee in an amount equal to \$12,000 • Letter of Credit Fee: 4.0% times the average amount of Letter of Credit Usage during immediately preceding month
Use of DIP Facility	<ul style="list-style-type: none"> • The proceeds of the DIP Facility can be used in accordance with the Approved Budget (subject to such variances as permitted in the DIP Agreement) as permitted in the DIP Agreement the other Loan Documents and the Interim DIP Order, including, among other things, for: <ul style="list-style-type: none"> (a) the commencement of the Bankruptcy Cases and the Recognition Proceedings and the transactions contemplated thereby, as and when such expenses are due and payable; (b) to fund working capital needs and general corporate purposes of the Borrowers; and (c) to provide cash "adequate protection" (as set forth in Section 361 of the Bankruptcy Code and the relevant sections of other applicable Insolvency Laws) in favor of the Existing Agent and the Existing Lenders.
Structure	<ul style="list-style-type: none"> • Creeping roll up: postpetition receipts will be applied, first, to repay prepetition obligations owing to Prepetition ABL Lenders and, second, to payment of Postpetition Debt in accordance with the DIP Agreement until repaid in full

<p>Superpriority</p>	<ul style="list-style-type: none"> • Except as set forth therein or in the Financing Order, the DIP Recognition Order or the Canadian Supplemental Order, no other claim having a priority superior or pari passu to that granted to the Agent and the Lenders by the Financing Order and the DIP Recognition Order shall be granted or approved while any Obligations under this Agreement remain outstanding. Except for the Carveout and subject to entry of the Final Financing Order and the DIP Recognition Order, no costs or expenses of administration shall be imposed against the Agent, the Lenders or any of the Collateral or any of the Existing Agent, the Existing Lenders or the Collateral (as defined in the Existing Credit Agreement) under Sections 105, 506(c) or 552 of the Bankruptcy Code, or otherwise, and each of the Loan Parties hereby waives for itself and on behalf of its estate in bankruptcy, any and all rights under sections 105, 506(c) or 552, or otherwise, to assert or impose or seek to assert or impose, any such costs or expenses of administration against Agent, Lenders or any of the Collateral or any of the Existing Agent or the Existing Lenders. • The Carveout includes the following: <ul style="list-style-type: none"> (a) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a) plus interest at the statutory rate; (b) all reasonable fees and expenses up to \$25,000 incurred by a trustee under 11 U.S.C. § 726(b); (c) Subject to the Approved Budget, all unpaid fees, costs, disbursements and expenses, incurred or earned by the Applicable Debtors or the Committee (the “Carveout Professionals”), at any time before or on the Carveout Trigger Date, whether allowed by the Court prior to, on or after delivery of a Carveout Trigger Notice; and (d) Allowed Professional Fees of the Carveout Professionals incurred after the Carveout Trigger Date in an aggregate amount not to exceed the Post-Carveout Trigger Notice Amount.
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Milestones	<ul style="list-style-type: none"> • On or before June 14, 2024, the Bankruptcy Court shall have entered the Interim Order, on the terms and conditions contemplated by Loan Documents and otherwise in form and substance satisfactory to Agent; and on or before the date that is 3 Business Days following the entry of the Interim Order, or as soon as possible in the circumstances thereafter, the Canadian Court shall have issued Canadian Supplemental Order, in form and substance satisfactory to Agent; • On or before July 9, 2024, the Bankruptcy Court shall have entered an order approving the Bidding Procedures Motion, in form and substance satisfactory to Agent (the "Bidding Procedures Order"); and • On or before the date that is 3 Business Days following the entry of the Bidding Procedures Order, or as soon as possible in the circumstances thereafter, the Canadian Court shall have issued an order recognizing the Bidding Procedures Order in the Recognition Proceedings, in form and substance satisfactory to Agent. • On or before the date that is 21 days following the entry of the Interim Order, the Bankruptcy Court shall have entered the Final Order, on the terms and conditions contemplated by the Loan Documents and otherwise in form and substance satisfactory to Agent; and on or before the date that is 3 Business Days following the entry of the Final Order, or as soon as possible in the circumstances thereafter, the Canadian Court shall have issued the Second Canadian Supplemental Order, in form and substance satisfactory to Agent; • On or before August 7, 2024, Borrowers will conduct one or more auctions for all or substantially all of the Debtors' assets; • On or before August 12, 2024, the Bankruptcy Court shall have entered an order, in form and substance satisfactory to Agent (the "Sale Order"), authorizing and approving one or more sales of all or substantially all of the Debtors' assets pursuant to one or more definitive purchase agreements in form and substance acceptable to Agent, including, without limitation, with respect to the identity of the prospective purchaser, purchase price, any conditions to closing, the closing date, and other terms and conditions (each a "Purchase Agreement"); • On or before the date that is 3 Business Days following the entry of the Sale Order, or as soon as possible in the circumstances thereafter, the Canadian Court shall have issued an order recognizing the Sale Order in the Recognition Proceedings, in form and substance satisfactory to Agent; • On or before August 19, 2024, the Debtors shall have consummated one or more sales of all, or substantially all, of the Debtors' assets pursuant to, and in accordance with, the terms of the Sale Order and Purchase Agreement(s), and remitted all of the proceeds thereof (net only of such fees, expenses, charges or other amounts that may be expressly agreed to by Agent) to Agent for application in accordance with the Order; • On or before August 8, 2024, the Debtors shall have filed their Schedules and Statement of Financial Affairs pursuant to Section 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure with the Bankruptcy Court.
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No:

AND IN THE MATTER OF 3329003 CANADA INC., MEGABUS CANADA INC., 3376249 CANADA INC., 4216849 CANADA INC., TRENTWAY-WAGAR (PROPERTIES) INC., TRENTWAY-WAGAR INC. AND DOUGLAS BRAUND INVESTMENTS LIMITED

APPLICATION OF COACH USA, INC. UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

REPORT OF THE PROPOSED INFORMATION OFFICER

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