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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20998]

Laidlaw Inc.—Intra-Corporate Family Transaction Exemption

Laidlaw Inc. (Laidlaw), a noncarrier Canadian company and the parent of the Laidlaw group of companies, has filed a verified notice of exemption under the Board's class exemption procedures at 49 CFR 1182.9¹ to undertake a corporate restructuring. Laidlaw proposes to effect the restructuring in two steps. Under the first restructuring, Laidlaw will separate its directly or indirectly controlled U.S.-based motor carriers that perform predominantly regular-route intercity, charter and tour bus operations, from those that control school bus operations, and from its two noncarrier companies that provide emergency care and patient transportation services. Laidlaw will continue to indirectly control the U.S. companies but their stock will be held as follows: (1) the stock of Greyhound Lines, Inc., and Hotard Coaches, Inc., motor passenger carriers that provide regular-route intercity, charter and tour bus operations, will be held by Laidlaw Transportation Holdings, Inc.; (2) the stock of Laidlaw Transit Services, Inc.,

¹ The Board exempted intra-corporate family transactions of motor carriers of passengers that do not result in significant operational changes, adverse changes in service levels, or a change in the competitive balance with carriers outside the corporate family in Class Exemption for Motor Passenger Intra-Corporate Family Transactions, STB Finance Docket No. 33685 (STB served Feb. 18, 2000).

and Laidlaw Transit, Inc., motor passenger carriers that perform school bus operations, will be held by Laidlaw Transit Holdings, Inc.; and (3) the stock of Emcare Holdings, Inc., and American Medical Response, Inc., noncarriers that provide emergency care and patient transportation services, will be held by Laidlaw Transportation Holdings One, Inc.²

Under the second restructuring, Laidlaw will revise the organization of the noncarrier holding companies that are in direct control of the operating companies once the noncarrier holding companies emerge from voluntary bankruptcy proceedings under Chapter 11 of the U.S. Bankruptcy Code and the Canadian Companies' Creditors Arrangement Act (CCAA). Under the reorganization, Laidlaw will transfer to its subsidiary, Laidlaw Investment, Ltd. (LIL), now an Ontario company, all of its assets, including the shares of capital stock of subsidiaries other than LIL, with the intention that LIL will become the parent company of the Laidlaw group of companies. According to Laidlaw, LIL will be continued as a State of Delaware corporation and its shares currently held by Laidlaw will be redeemed through a payment of cash to Laidlaw. After Laidlaw and its affiliates, including LIL (collectively referred to as Debtors), emerge from the Chapter 11 and CCAA proceedings, Laidlaw will distribute the cash it received and the new common stock of LIL to its creditors, severing the ownership relationship between Laidlaw, on the one hand, and, on the other, LIL and the Laidlaw group

² Laidlaw states that its Canadian-based motor passenger carriers, Laidlaw Transit Ltd., and Greyhound Canada Transportation Corp., and its subsidiaries, Voyageur Corp., Gray Line of Vancouver Holdings Ltd., Pentang-Midland Coach Lines Limited, C. Seeley's Bus Lines, Ltd., and The Gray Line of Victoria Ltd., and its subsidiary, Victoria Tours Limited, will not be affected by the proposed reorganization.

of companies. At that point, the shares of Laidlaw will be cancelled and LIL will become the parent company of the Laidlaw group of companies.³

The transaction for the first restructuring was scheduled to be consummated on or after the effective date of the exemption (7 days after the notice was filed). The transaction for the second restructuring will be consummated after Laidlaw and Debtors emerge from the Chapter 11 and CCAA proceedings.

According to Laidlaw, the purpose of the transaction is to simplify Laidlaw's corporate structure to eliminate overlapping management and accounting functions and reduce duplicating overhead and fixed costs. The regrouping of Laidlaw's indirectly controlled subsidiaries will bring together, under the umbrella of the appropriate holding company, those operating companies performing similar tasks. Laidlaw states that this will reduce costs and improve the efficiency and economy of the operating companies' performance. Laidlaw also states that the transaction will facilitate the move of LIL, which will become a State of Delaware corporation, to the United States, where most of the revenues of the Laidlaw group of companies are derived. According to Laidlaw, the second restructuring will affect none of the motor passenger carriers and other operating companies or their parent noncarrier holding companies.

³ Laidlaw states that LIL will change its name during the process, but its new name has not yet been determined.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1182.9. Laidlaw states that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. Laidlaw also states that, because it directly or indirectly holds all of the stock of the affected companies, no contract or agreement will be entered into, except for the corporate documentation and filings required to effect the reorganization. Laidlaw further states that there will be no effect upon employees of the motor passenger carriers within the Laidlaw group of companies because the proposed transaction involves only changes in the corporate structure of the noncarrier holding companies.

If the verified notice contains false or misleading information, the Board shall summarily revoke the exemption and require divestiture. Petitions to revoke the exemption under 49 U.S.C. 13541(d) may be filed at any time. See 49 CFR 1182.9(c).

An original and 10 copies of all pleadings, referring to STB Docket No. MC-F-20998, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Fritz R. Kahn, 1920 N Street (8th Floor), N.W., Washington, DC 20036-1601.

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Decided: February 13, 2003.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary