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SERVICE DATE – JUNE 13, 2006

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-21016

STAGECOACH GROUP PLC & COACH USA, INC., ET AL.–
CONTROL–MEGABUS USA LLC

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Stagecoach Group PLC (Stagecoach) and its subsidiary Coach USA, Inc. (Coach), noncarriers, and various subsidiaries of each (collectively, applicants), have filed an application under 49 U.S.C. 14303 to acquire control of the newly created Megabus USA LLC (Megabus USA), which is currently owned by co-applicant Independent Bus Company, Inc. (Independent), a wholly owned subsidiary of Coach. Applicants state that currently Megabus USA does not hold federally issued authority. This application is filed on the premise that Megabus USA actually obtains the authority it seeks. Persons wishing to oppose this application must follow the rules at 49 CFR 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 must be filed by July 28, 2006. Applicants may file a reply by August 14, 2006. If no comments are filed by July 28, 2006, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-21016 to: Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of comments to the applicants' representatives: Betty Jo Christian and David H. Coburn, STEPTOE & JOHNSON LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Eric S. Davis, (202) 565-1608 [Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339].

SUPPLEMENTARY INFORMATION: Stagecoach is a public limited company organized under the laws of Scotland. It is one of the world's largest providers of passenger transportation services and had annual revenues for the fiscal year ending April 30, 2005, of over \$3.3 billion. Stagecoach, and certain intermediate subsidiaries, acquired control of Coach in September 1999.¹

¹ See Stagecoach Holdings PLC–Control–Coach USA, Inc., et al., STB Docket No. MC-F-20948 (STB served July 22, 1999).

Coach, a Delaware corporation, controls numerous federally regulated motor carriers. The motor carriers controlled by Coach had gross operating revenues for the 12-month period ending with the date of this application greater than the \$2 million threshold required for Board jurisdiction.

Megabus USA is currently a noncarrier, but plans to seek authorization from the Federal Motor Carrier Safety Administration to operate as a motor common carrier of passengers. Once authorization is granted, Megabus USA will utilize a fleet of approximately 18 motorcoaches to provide scheduled express bus service over regular routes between Chicago and several Midwestern cities. These routes, and the motorcoaches and drivers, are currently used by co-applicant Independent under the name “Megabus.com,” which holds federally issued authority under MC-168548. Once Megabus USA obtains authority, Independent will surrender that trade name and cease operations performed under its name.

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction found to be 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.

Stagecoach and Coach have submitted information, as required by 49 CFR 1182.2, including the information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b). Applicants state that the proposed transaction will have no impact on the adequacy of transportation services available to the public, that the proposed transaction will not have an adverse effect on total fixed charges, and that the interests of employees of Megabus USA will not be adversely impacted. Additional information, including a copy of the application, may be obtained from the applicants’ representatives.

On the basis of the application, and if Megabus USA does in fact obtain only the authority as described herein, 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 notice will take effect automatically and will be the final Board action.

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

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

It is ordered:

1. The proposed finance transaction is approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this notice will be deemed as having been vacated.
3. This notice will be effective July 28, 2006, unless timely opposing comments are filed.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 400 7th Street, S.W., Room 8214, Washington, DC 20590; (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: June 7, 2006.

By the Board, Chairman Buttrey and Vice Chairman Mulvey.

Vernon A. Williams
Secretary