

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:) Chapter 11
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METRO AFFILIATES, <i>et al.</i> , ¹) Case No. 13-13591 (SHL)
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Debtors.) Jointly Administered
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**ORDER (I) AUTHORIZING THE SALE OF CERTAIN ASSETS TO
HOLCOMB BUS SERVICE, INC. AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “*Motion*”) of the above-captioned debtors and debtors in possession (collectively, the “*Debtors*”) for entry of an order, pursuant to sections 105, 363, 364, 365, 503 and 507 of title 11 of the United States Code (the “*Bankruptcy Code*”), Rules 2002, 4001(c), 6004, 6006, 9008 and 9014 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), Rules 6004-1 and 6006-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “*Local Rules*”) and General Order M-383 of the Bankruptcy Court for the Southern District of New York, (a) authorizing the Debtors to enter into that certain Sale Agreement (including all ancillary documents executed in

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer identification number, are: 180 Jamaica Corp. (7630); Amboy Bus Co., Inc. (2369); Atlantic Escorts, Inc. (8870); Atlantic Express Coachways, Inc. (2867); Atlantic Express New England, Inc. (4060); Atlantic Express of California, Inc. (5595); Atlantic Express of Illinois, Inc. (5759); Atlantic Express of LA, Inc. (1639); Atlantic Express of Missouri, Inc. (3116); Atlantic Express of New Jersey, Inc. (8504); Atlantic Express of Pennsylvania, Inc. (0330); Atlantic Express Transportation Corp. (4567); Atlantic Queens Bus Corp. (0276); Atlantic Paratrans of NYC, Inc. (1114); Atlantic Paratrans, Inc. (3789); Atlantic Transit, Corp. (7142); Atlantic-Hudson, Inc. (5121); Block 7932, Inc. (3439); Brookfield Transit, Inc. (8247); Courtesy Bus Co., Inc. (5239); Fiore Bus Service, Inc. (1233); Groom Transportation, Inc. (7208); G.V.D. Leasing, Inc. (0595); James McCarty Limo Services, Inc. (8592); Jersey Business Land Co. Inc. (3850); K. Corr, Inc. (4233); Merit Transportation Corp. (8248); Metro Affiliates, Inc. (0142); Metropolitan Escort Service, Inc. (9197); Midway Leasing, Inc. (7793); R. Fiore Bus Service, Inc. (3609); Raybern Bus Service, Inc. (9412); Raybern Capital Corp. (6990); Raybern Equity Corp. (3830); Robert L. McCarthy & Son, Inc. (4617); Staten Island Bus, Inc. (6818); Temporary Transit Service, Inc. (0973); Atlantic Express of Upstate New York Inc. (1570); Transcomm, Inc. (4493); and Winsale, Inc. (2710). The Debtors’ service address at Metro Affiliates, Inc.’s corporate headquarters is 7 North Street, Staten Island, NY 10302.



connection therewith, the “*Sale Agreement*”),² attached hereto as Exhibit A and incorporated herein by reference as if fully set forth in this Order, by and between the Debtors (each, a “*Seller*” and collectively, the “*Sellers*”) and Holcomb Bus Service, Inc. (the “*Purchaser*”), and such other agreements to be entered into and among the parties as contemplated therein; and (b) authorizing (i) the sale (the “*Sale*”) to the Purchaser of certain rights, title and interests in and to certain motor vehicles of the Sellers (the “*Purchased Assets*”), free and clear of any successor liability relating to the Debtors’ business and all liens, claims, encumbrances and all other interests in, on or to the Purchased Assets pursuant to section 363 of the Bankruptcy Code, and (ii) granting certain related relief; and the Court having reviewed the Motion and the Johnson Sale Declaration and determined that due notice of the Sale Transaction and the Sale Hearing (as defined below), and a reasonable opportunity to object or be heard with respect to the Motion was given to the proper parties; and the Court having heard statements of counsel and the evidence presented in support of the relief requested by the Debtors in the Motion and at a hearing before the Court on March [13], 2014 (the “*Sale Hearing*”); and the Purchaser having submitted the highest or otherwise best offer for the Purchased Assets in the form of the Sale Agreement; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their stakeholders and all other parties in interest; and it appearing that the Court has jurisdiction over this matter; and it further appearing that the legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due deliberation ~~thereon~~ *based on the entire record of the case, including the representations of the Debtors,*

2 Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion or the Sale Agreement, as applicable.

THE COURT HEREBY FINDS AND DETERMINES THAT:

A. Jurisdiction and Venue³

This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Final Order

This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rule 6004, and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly (i) finds that there is no just reason for delay in the implementation of this Order and (ii) directs entry of judgment as set forth herein.

C. Statutory Predicates

The statutory predicates for the relief requested herein are sections 105(a) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004 and 9014, Local Rules 6004-1 and 6006-1 and General Order M-383 of the Bankruptcy Court for the Southern District of New York.

D. Notice of Sale, Auction and Sale Hearing

As evidenced by the affidavit of service previously filed with this Court [ECF No. 905], proper, timely, adequate and sufficient notice of the Motion, the Sale and the Sale Hearing, and a reasonable opportunity to object or be heard with respect to the Motion, has been provided for and upon the following parties, all in accordance with section 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 9006 and 9014 and Local Bankruptcy Rule 9006-1(b):

3 The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by the Court at the Sale Hearing in relation to the Motion are hereby incorporated herein to the extent not inconsistent herewith. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

- (a) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036 (Attn: Lisa G. Beckerman, lbeckerman@akingump.com; and Rachel Ehrlich Albanese, ralbanese@akingump.com), and Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Avenue, N.W., Washington, DC 20036 (Attn: Scott L. Alberino, salberino@akingump.com), counsel to the Debtors;
- (b) the Office of the United States Trustee for Region 2;
- (c) Otterbourg, P.C., counsel to Wells Fargo Bank, National Association, agent under the Debtors' prepetition credit facility and DIP Lender;
- (d) Carter Ledyard & Milburn LLP, counsel to The Bank of New York Mellon, as indenture trustee for the New Notes;
- (e) Farrell Fritz, P.C., counsel to the Creditors' Committee;
- (f) Stroock & Stroock & Lavan, counsel to certain holders of the New Notes;
- (g) the Internal Revenue Service, 290 Broadway, New York, NY 10007;
- (h) Moses & Singer LLP and Reed Smith LLP, counsel to Merchants Automotive Group, Inc., secured creditor and lessor;
- (i) any other Standard Party (as defined in the *Order Pursuant to 11 U.S.C. §§ 105(a) and (d) and Bankruptcy Rules 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures* [ECF No. 65]);
- (j) counsel to the Purchaser; and
- (k) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002.

The foregoing notice was good, sufficient and appropriate under the circumstances, and no other or further notice of the Motion, the Sale and the Sale Hearing is required.

E. Good Faith of Purchaser

The Purchaser is not an "insider" of the Debtors, as that term is defined in section 101(31) of the Bankruptcy Code. The Purchaser, its Affiliates and their respective Representatives have proceeded in and is purchasing the Purchased Assets in good faith and have proceeded in good faith in all respects in connection with this proceeding in that: (a) the

Purchaser recognized that the Debtors were free to deal with any other party interested in acquiring the Purchased Assets; (b) all payments to be made by the Purchaser in connection with the Sale Transaction have been disclosed; (c) no common identity of directors or controlling stockholders exists between the Purchaser and the Debtors; (d) the negotiation and execution of the Sale Agreement was at arm's length and in good faith; (e) the Purchaser in no way induced or caused the chapter 11 filing of the Debtors; and (f) the Purchaser has not acted in a collusive manner with any person.

The Purchaser is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code, and is therefore entitled to the full protection of that provision.

F. Corporate Authority

The Debtors have (i) full corporate power and authority to execute the Sale Agreement, (ii) have all of the corporate power and authority necessary to consummate the Sale Transaction, (iii) have taken all corporate power and authority necessary to authorize and approve the Sale Agreement and the Sale and (iv) no consents or approvals, other than those expressly provided for in the Sale Agreement, are required to consummate such Sale.

G. Highest or Best Offer

The Purchaser's bid for the Purchased Assets, as memorialized in the Sale Agreement, constitutes the highest or best offer received for the Purchased Assets. The Debtors engaged in a reasonable and appropriate marketing of the Purchased Assets. The Auction set forth in the Bid Procedures Order afforded a full, fair and reasonable opportunity for any person to bid on the Purchased Assets, but no bids for the Purchased Assets were received. The Debtors' determination that the Sale Agreement constitutes the highest or otherwise best offer for the Purchased Assets constitutes a valid and sound exercise of the Debtors' business judgment.

H. Business Justification

The Debtors have demonstrated compelling circumstances and a good, sufficient and sound business purpose and justification for the Sale Transaction.

I. No Fraudulent Transfer

The consideration provided by the Purchaser pursuant to the Sale Agreement for its purchase of the Purchased Assets constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act and under the laws of the United States, any state, territory, possession or the District of Columbia. The Purchaser is not a mere continuation, and is not holding itself out as a mere continuation, of any of the Debtors or their respective estates and there is no continuity between the Purchaser and the Debtors. The Sale Transaction does not amount to a consolidation, merger or de facto merger of the Purchaser and any of the Debtors.

The Sale Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code, under the laws of the United States, any state, territory, possession, the District of Columbia or any foreign country. Neither the Debtors nor the Purchaser (nor its Affiliates) are entering into the transaction contemplated by the Sale Agreement fraudulently for the purpose of statutory and common law fraudulent conveyance and fraudulent transfer claims.

J. Validity of Transfer

The transfer of the Purchased Assets to the Purchaser will be a legal, valid and effective transfer of the Purchased Assets, and will vest the Purchaser with all right, title and interest of the Debtors to the Purchased Assets, free and clear of all liens, claims, encumbrances and all other interests pursuant to section 363 of the Bankruptcy Code.

K. Section 363(f) Is Satisfied

The Purchased Assets constitute property of the Debtors' estates and title thereto is currently vested in the Debtors' estates within the meaning of section 541(a) of the Bankruptcy Code. The Debtors may sell the Purchased Assets free and clear of all liens, encumbrances, pledges, mortgages, deeds of trust, security interests, claims, leases, charges, options, rights of first refusal, easements, servitudes, proxies, voting trusts or agreements, and transfer restrictions under any agreement in each case, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed (collectively, the "*Interests*") and adverse claims, except as provided in the Sale Agreement and related documents because one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied with regard to each such Interest or adverse claim. The transfer of the Purchased Assets to the Purchaser on the Closing Date will be a legal, valid and effective transfer of the Purchased Assets, and will vest the Purchaser with all right, title and Interests of the Debtors in and to the Purchased Assets free and clear of all liens, claims, encumbrances and all other Interests.

Those holders of liens, claims, encumbrances or interests in, to or against the Purchased Assets who did not object, or who withdrew their objections, to the Sale or the Motion are deemed to have consented thereto pursuant to section 363(f) of the Bankruptcy Code. Any such holders of liens, claims, encumbrances or interests in, to or against the Purchased Assets, and those holders of liens, claims, encumbrances or interests in, to or against the Purchased Assets who did object and whose objections have not yet been resolved by final order of the Court, are adequately protected by having their liens, claims, encumbrances or interests, if any, attach to the

net proceeds of the Sale ultimately attributable to the Purchased Assets in which such creditor alleges an interest, in the same order of priority, with the same validity, force and effect that such creditor had prior to the Sale, subject to any claims and defenses the Debtors or their estates may possess with respect thereto.

The Purchaser would not have entered into the Sale Agreement and would not consummate the Sale, except as otherwise provided in the Sale Agreement, if it were not free and clear of all Interests of any kind or nature whatsoever, or if the Purchaser would, or in the future could, be held liable for any of the Interests.

L. Compelling Circumstances for an Immediate Sale

The Debtors have articulated compelling circumstances for approval of the Sale Agreement and the Sale. As described in the Motion, the Schlenker Declaration and the Johnson Sale Declaration, the Sale is necessary to reduce carrying costs of the Purchased Assets for the Debtors' estates and preserve and maximize the going concern value of the Purchased Assets. The Debtors have made a good and sufficient showing that the Sale must occur within the time constraints set forth in the Motion and the Sale Agreement. Time is of the essence in consummating the Sale.

M. Legal and Factual Bases

The legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND
DECREED THAT:**

1. **Motion**. The relief requested in the Motion is GRANTED to the extent set forth herein.

2. **Objections.** All objections to the Motion or the relief requested therein that have not been withdrawn, waived or settled as announced to the Court at the Sale Hearing or by stipulation filed with the Court, and all reservations of rights included therein, are hereby overruled on the merits, except as may be provided in other orders of the Court.

3. **Approval of the Sale Agreement.** The Sale Agreement and all other ancillary documents, all of the terms and conditions thereof, and the Sale are hereby approved.

4. Pursuant to section 363 of the Bankruptcy Code, the Debtors are authorized and directed to take any and all actions necessary or appropriate to (i) consummate the Sale to the Purchaser pursuant to and in accordance with the terms and conditions of the Sale Agreement and this Order, (ii) close the Sale as contemplated in the Sale Agreement and this Order, and (iii) execute and deliver, perform under, consummate, implement and close fully the transactions contemplated by the Sale Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Sale Agreement and the Sale.

5. This Order and the Sale Agreement shall be binding in all respects upon the Debtors, their estates, all creditors of (whether known or unknown), and holders of equity interests in, the Debtors, any holders of liens, claims, encumbrances or any other Interests against or on all or any portion of the Purchased Assets, the Purchaser, including all of the successors and assigns of the foregoing, and any subsequent trustee or trustee appointed in the Debtors' chapter 11 cases or upon conversion to chapter 7 under the Bankruptcy Code, and shall not be subject to rejection. This Order and the Sale Agreement shall inure to the benefit of the Debtors, their estates, their creditors and the Purchaser, including all of the successors and assigns of the foregoing.

6. The Purchaser shall not be required to seek or obtain relief from the automatic stay under section 362 of the Bankruptcy Code to enforce any of its remedies under the Sale Agreement or any other Sale-related document. The automatic stay imposed by section 362 of the Bankruptcy Code is modified solely to the extent necessary to implement the provisions of the Sale Agreement and this Order.

7. **Transfer of the Purchased Assets.** Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors are authorized to transfer the Purchased Assets to the Purchaser. Upon the Closing Date, the Purchaser shall take title to and possession, ownership, direction and control of the Purchased Assets, and such transfer shall constitute an unconditional legal, valid, binding and effective transfer of the Purchased Assets and, other than Assumed Liabilities, shall be free and clear of all liens, claims, encumbrances and all other Interests of any kind, with all such liens, claims, encumbrances and all other interests to attach to the net proceeds of the Sale with the same validity, priority, force and effect that they now have against the Purchased Assets, subject to any claims and defenses that the Debtors and their estates may possess with respect thereto.

8. Except as expressly permitted or otherwise specifically provided by the Sale Agreement or this Order, all person(s) holding liens, claims, encumbrances and all other interests in or to the Purchased Assets arising under or out of, in connection with, or in any way relating to the Debtors or the Purchased Assets, prior to the transfer of the Purchased Assets to the Purchaser, hereby are forever barred, estopped and permanently enjoined from asserting against the Purchaser or its successors or assigns, its property, or the Purchased Assets, such person(s)' liens, claims, encumbrances, and all other interests in the Purchased Assets.

9. On the Closing Date, this Order shall be construed and shall constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Purchased Assets to the Purchaser. Each and every federal, state, local government agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Sale Agreement. All persons are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Purchased Assets to the Purchaser in accordance with the terms of the Sale Agreement and this Order. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to act to cancel the liens, claims, encumbrances and all other interests of record except for those regarding Assumed Liabilities.

10. Except as otherwise provided in the Sale Agreement, the Purchased Assets shall be sold, transferred and delivered to Purchaser on an “as is, where is” or “with all faults” basis.

11. If any person that has filed statements or other documents or agreements evidencing liens, claims, encumbrances and all other interests in or to the Purchased Assets shall not have delivered to the Debtors prior to the closing of the Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary for the purpose of documenting the release of all liens, claims, encumbrances and all other interests which the person has or may assert with respect to the Purchased Assets, the Debtors are hereby authorized and directed, and the Purchaser is hereby authorized, to execute and file such statements, instruments, releases and other documents on behalf of such person with respect to the Purchased Assets.

12. This Order is and shall be binding upon and govern the acts of all persons, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials, and all other persons who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments; and each of the foregoing persons is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Sale Agreement.

13. **Free and Clear.** Except as otherwise provided for in the Sale Agreement, on the Closing Date, all then-existing or thereafter arising Seller Liabilities, Claims, Interests and Liens (other than those in favor of Purchaser created under the Sale Agreement, the Permitted Liens, if any, and Assumed Liabilities) of, against or created by any of Sellers or their bankruptcy estates, to the fullest extent permitted by section 363 of the Bankruptcy Code, shall be fully released from and with respect to the Purchased Assets and thereupon shall attach to the Purchase Price with the same force, effect, validity, enforceability, and priority as such Seller Liabilities, Claims, Interests and Liens had attached to the Purchased Assets as of the Closing Date.

14. Except as set forth in the Sale Agreement, the Sale will not subject the Purchaser to any liability for any Interests whatsoever, including, without limitation, statutory claims, that any of the foregoing parties or any other third party may have against the Debtors with respect to the operation of the Debtors' business prior to the closing of the Sale or by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based, in whole or in part, directly or indirectly, in any theory of law or equity including, without limitation, any laws affecting antitrust, successor, transferee or

vicarious liability. All persons and entities asserting or holding any Interests in or with respect to the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), howsoever arising, shall be forever barred, estopped, and permanently enjoined from asserting, prosecuting or otherwise pursuing such Interests against the Purchaser. Subject to the Interests attaching to the proceeds of the Sale, this Sale Order shall be effective as a determination that, as of the Closing, all Interests of any kind or nature whatsoever existing as to the Purchased Assets prior to the Closing have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected.

15. Following the Closing, no holder of an Interest in the Purchased Assets shall interfere with the Purchaser's title to or use and enjoyment of the Purchased Assets. Each and every federal, state, and local governmental agency, recording office or department and all other parties, persons or entities is hereby directed to accept for recordation this Sale Order, and any and all documents or instruments necessary or appropriate to effectuate the transactions contemplated by this Sale Order and the Sale Agreement, as conclusive evidence of the free and clear and unencumbered transfer of title to the Purchased Assets conveyed to the Purchaser.

16. **Surrender of Purchased Assets.** All entities who are presently, or who as of the Closing may be, in possession of some or all of the Purchased Assets hereby are directed to surrender possession of the Purchased Assets to the Purchaser as of the Closing. On the Closing and subject to the Interests attaching to the proceeds of the Sale as provided for in this Sale Order, each of the Debtors' creditors is authorized to execute such documents and take all other actions as may be reasonably necessary to release its Interests in the Purchased Assets, if any, as such Interests may have been recorded or may otherwise exist. All creditors who are in

possession of certificates of title for any vehicles listed on Schedule 2.01(a) of the Sale Agreement shall deliver such certificates of title along with applicable lien release forms.

17. **No Successor Liability.** The Purchaser is not a “successor” to the Debtors or their estates by reason of any theory of law or equity, and the Purchaser shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates, other than the Assumed Liabilities, with respect to the Purchased Assets or otherwise, including, but not limited to, under any bulk sales law, doctrine or theory of successor liability, or similar theory or basis of liability except for the assumption of the Sale Agreement and any documents related thereto. Neither the purchase of the Purchased Assets by the Purchaser or any of their Affiliates nor the fact that the Purchaser or any of their Affiliates are using any of the Purchased Assets previously operated by the Debtors will cause the Purchaser or any of their Affiliates to be deemed a successor in any respect to the Debtors’ business or incur any liability derived therefrom within the meaning of any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, environmental, or other law, rule or regulation (including, without limitation, filing requirements under any such laws, rules or regulations), or under any products liability law or doctrine with respect to the Debtors’ liability under such law, rule or regulation or doctrine.

18. The Purchaser has given substantial consideration under the Sale Agreement, which consideration shall constitute valid and valuable consideration for the releases of any potential claims of successor liability of the Purchaser and which shall be deemed to have been given in favor of the Purchaser by all holders of liens, claims, and all other interest against the Debtors, or the Purchased Assets. Upon consummation of the Sale, the Purchaser shall not be

deemed to (a) be the successor to the Debtors, (b) have, *de facto* or otherwise, merged with or into the Debtors, or (c) be a mere continuation or substantial continuation of the Debtors.

19. Notwithstanding the foregoing, nothing in this Order or the Sale Agreement releases, nullifies, or enjoins the enforcement of any liability to a governmental unit under police and regulatory statutes or regulations (including, but not limited to, environmental laws or regulations) and any associated liabilities for penalties, damages, cost recovery, or injunctive relief that any entity would be subject to as the owner, lessor, lessee, or operator of the property after the date of entry of this Order. Nothing contained in this Order or in the Sale Agreement shall in any way (i) diminish the obligation of any entity to comply with environmental laws or (ii) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. Nothing in this paragraph should be construed to (a) create for any governmental unit or any other party any substantive right that does not already exist under applicable law or (b) deem any Purchaser as the successor to the Debtors under any state law successor liability doctrine with respect to any liabilities under environmental laws or regulations for penalties for days of violation prior to the entry of this Order.

20. **Good Faith; No Collusion.** The transactions contemplated by the Sale Agreement are undertaken by the Purchaser without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale, unless such authorization and consummation of the Sale are duly and properly stayed pending such appeal. The Purchaser is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section

363(m) of the Bankruptcy Code. The consideration provided by the Purchaser for the Purchased Assets under the Sale Agreement is fair and reasonable and the Sale may not be avoided under section 363(n) of the Bankruptcy Code.

21. **Use of Sale Proceeds.** All net proceeds from the consummation of the Sale shall be distributed to the DIP Lender and BNYM in accordance with that certain Fourth Amended and Restated Loan and Security Agreement, dated as of March 12, 2010 (as modified by that certain Ratification and Amendment Agreement, dated as of November 6, 2013) and the Permanent Financing Order entered by the Court on December 4, 2013 [ECF No. 190]; provided that any such net proceeds attributable to the Sale of collateral upon which BNYM asserts a valid, perfected and enforceable lien shall, upon not less than 5 business days' notice to the Committee, be paid to BNYM for distribution to the holders of the Notes in accordance with the terms of the indenture governing the Notes; provided, further, however, that BNYM shall make no distribution of such funds to any holder of Notes until the earlier of (i) date of the expiration of the Committee's period of time in which to commence an Objection (as such term is defined in ¶4.1 of the Permanent Financing Order entered by the Court on December 4, 2013 [ECF No. 190]) against BNYM and (ii) in the event an Objection is timely filed, the date of entry of any order adjudicating such Objection. Upon the filing of an Objection by the Committee, all sales proceeds with respect to collateral for which the Committee does not object to BNYM's asserted lien shall be released from BNYM to the holders of the Notes. Nothing contained in this paragraph 21 shall be deemed or construed to be an admission of the validity, priority or extent of any pre-petition claims, liens and security interests, nor shall anything herein be deemed or construed to impair, prejudice or waive any rights of the Committee under the Permanent Financing Order or otherwise to commence an Objection with respect to claims and security

interests held by parties asserting liens and security interests on assets of the Debtors. The DIP Lender shall have the right to consent to the use of the gross proceeds of the Sale as a condition to the consummation of such Sale, and nothing contained in this Order shall alter, amend, waive or impair the rights of the DIP Lender under the Permanent Financing Order and the Financing Agreements.

22. **Operation**. The Debtors are hereby authorized to permit the Purchaser to operate the vehicles that comprise the Purchased Assets under the applicable Seller's vehicle registration and New York State Department of Transportation inspection sticker.

23. **Binding Order**. This Order and the Sale Agreement shall be binding on and govern the acts of all persons and entities, including, without limitation, the Debtors and the Purchaser, their respective successors and permitted assigns, including, without limitation, any trustee appointed in a chapter 7 case if this case is converted from chapter 11, and all creditors of any of the Debtors (whether known or unknown), including the conduct of all such federal, state, and local government agencies or departments, including any filing agents, filing officers, title agents, recording agencies or offices, secretaries of state, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title in or to the Purchased Assets.

24. Nothing contained in any plan of reorganization or liquidation, or order of any type or kind entered in (i) the Debtors' chapter 11 cases, (ii) any subsequent chapter 7 case into which such chapter 11 case may be converted or (iii) any related proceeding subsequent to entry of this Order, shall conflict with or derogate from the provisions of the Sale Agreement or the terms of this Order.

25. **Order Immediately Effective.** Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective immediately upon entry and the Debtors and the Purchaser are authorized to close the Sale immediately upon entry of this Order, notwithstanding any otherwise applicable waiting periods.

26. **No Transfer of Avoidance Claims.** Nothing in this Order or the Sale Agreement approves or provides for the transfer to Purchaser of any avoidance claims (whether under chapter 5 of the Bankruptcy Code or otherwise) of the Debtors' estates, which avoidance claims are Retained Assets of the Debtors.

27. **Bulk Law.** No bulk sales law or any similar law of any state or other jurisdiction applies in any way to the Sale.

28. **Non-Severability.** The provisions of this Order are non-severable and mutually dependent. The failure specifically to include any particular provision of the Sale Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Sale Agreement be authorized and approved in its entirety.

29. **Modification.** The Sale Agreement and any related agreements, documents or other instruments may be modified, amended, or supplemented by the parties thereto, in writing signed by both parties, expressly stating that such instrument is intended to amend, modify or supplement the Sale Agreement any related agreements, documents or other instruments, and in accordance with the terms thereof, without further order of this Court.

30. **Time Periods.** All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

31. **Governing Documents.** To the extent that this Order is inconsistent with any prior order or pleading with respect to the Motion in this chapter 11 case, the terms of this Order

shall govern. To the extent there are any inconsistencies between the terms of this Order and the Sale Agreement, the terms of this Order shall control.

32. **Retention of Jurisdiction.** The Court shall retain jurisdiction to, among other things, interpret, implement and enforce the terms and provisions of this Order and the Sale Agreement, all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith to which the Debtors are a party, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to the Sale.

DATE: March 17, 2014
New York, New York

SO ORDERED:

/s/ Sean H. Lane
HON. SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Sale Agreement

Asset Purchase Agreement

dated as of

February [__], 2014

by and among

Atlantic Express Transportation Corp.

and

its Selling Subsidiaries

as the Sellers

and

Holcomb Bus Service, Inc.

as the Buyer

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is dated as of February [___], 2014, (this “**Agreement**”) by and among Atlantic Express Transportation Corp., a New York corporation (the “**Company**”), and each of its Selling Subsidiaries listed on Exhibit A (together with the Company, each, a “**Seller**” and collectively, the “**Sellers**”) and Holcomb Bus Service, Inc., a New Jersey corporation (the “**Buyer**”).

WITNESSETH:

WHEREAS, the Sellers have sought relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) by filing cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) on November 4, 2013;

WHEREAS, the Sellers own the Purchased Assets (as defined below); and

WHEREAS, the Sellers have agreed to sell, convey, assign, transfer and deliver all of their rights, title and interest in, to and under the Purchased Assets (as defined below) to the Buyer, and the Buyer has agreed to purchase and acquire such Purchased Assets from the Sellers, in accordance with sections 105 and 363 of the Bankruptcy Code (as defined below).

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties to this Agreement agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.01 *Definitions.*

(a) The following terms, as used herein, have the following meanings:

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person; *provided, however*, that with respect to the Sellers, “**Affiliate**” shall mean only the other Sellers.

“**Bill of Sale**” means a bill of sale in the form attached hereto as Exhibit B.

“**Business Day**” means a day other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“**Claim**” means a claim as defined in Section 1.01 of the Bankruptcy Code.

“**Closing Date**” means the date of the Closing.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Confidentiality Agreement**” means that certain non-disclosure agreement by and between the Sellers and the Buyer dated November 18, 2013.

“**Governmental Authority**” means any federal, state, local, or any foreign government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body. For the avoidance of doubt, “Governmental Authority” shall include local boards of education and school districts.

“**Income Tax**” means any federal, state, local or non-U.S. tax based on or measured by reference to net income, including any interest, penalties, or additions thereto, whether disputed or not.

“**Income Tax Return**” means any return, declaration, report, claim for refund, or information return or statement relating to Income Taxes, including any schedule or attachment thereto.

“**Lien**” means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance in respect of such property or asset.

“**Material Adverse Effect**” means (i) any material adverse effect on the Purchased Assets, taken as a whole, or (ii) any material adverse effect on the ability of the Sellers to consummate the transactions contemplated by this Agreement; *provided, that* the following shall not constitute a Material Adverse Effect and shall not be taken into account in determining whether or not there has been or would reasonably be expected to be a Material Adverse Effect: (A) changes in general economic conditions or securities or financial markets in general that do not disproportionately impact the Sellers, taken as a whole; (B) general changes in the industry in which the Sellers operate and not specifically relating to, or having a disproportionate effect on, the Sellers taken as a whole (relative to the effect on other persons operating in such industry); (C) any changes in law applicable to the Sellers or any of their respective properties or assets or interpretations thereof by any Governmental Authority which do not have a disproportionate effect on the Sellers, taken as a whole; (D) any outbreak or escalation of hostilities or war (whether declared or not declared) or any act of terrorism which do not have a disproportionate effect on the Sellers, taken as a whole; (E) any changes to the extent resulting from the announcement or the existence of, or compliance with, this Agreement and the transactions contemplated hereby (including without limitation any lawsuit related thereto or the impact on relationships with suppliers, customers, employees or others); (F) any accounting regulations or principles or changes in accounting practices or policies that the Sellers are required to adopt; (G) matters occurring in, or arising from the Chapter 11 Cases of the Sellers, including any events, occurrences, or other actions taken as a result thereof; and (H) any changes resulting from actions of the Sellers expressly agreed to or requested by the Buyer.

“**Permitted Liens**” means (i) Liens permitted by the Approval Order and (ii) Liens for Taxes, assessments and similar charges that are not yet due.

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision, or an agency or instrumentality thereof.

“**Selling Subsidiaries**” means each of the subsidiaries of the Company listed on Exhibit A.

“**Tax or Taxes**” means (i) any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not, or (ii) liability for the payment of any amounts of the type described in (i) as a result of being party to any agreement or any express or implied obligation to indemnify any other Person, or as transferee, successor, guarantor, surety, or otherwise.

“**Tax Return**” means any return, declaration, report, claim for return, or information return or statement relating to Taxes, including any Schedule or attachment thereto, and including any amendment thereof.

“**Taxing Authority**” means a Governmental Authority responsible for the administration or imposition of any Tax.

(b) Each of the following terms is defined in the Section set forth opposite such term:

<u>Term</u>	<u>Section</u>
Agreement	Preamble
Approval Order	Section 5.04
Assumed Liabilities	Section 2.02
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Bankruptcy Period	Section 10.05
Buyer	Preamble
Chapter 11 Cases	Recitals
Closing	Section 2.07
Company	Preamble
Excluded Assets	Section 2.01
Excluded Liabilities	Section 2.03
Good Faith Deposit	Section 2.06(a)
Inspection Date	Section 3.05
Purchase Price	Section 2.05(a)
Purchase Price Allocation	Section 7.02
Purchased Assets	Section 2.01
Seller	Preamble
Sellers	Preamble
Transfer Taxes	Section 7.01

SECTION 1.02 *Other Definitions and Interpretative Matters.* Unless otherwise indicated to the contrary in this Agreement by the context or use thereof:

(a) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day. Any reference in this Agreement to days (but not Business Days) means to calendar days.

(b) Any reference in this Agreement to \$ means U.S. dollars.

(c) Unless the context otherwise requires, all capitalized terms used in the Exhibits, Annexes and Schedules shall have the respective meanings assigned in this Agreement. All Exhibits, Annexes and Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

(d) Any reference in this Agreement to gender includes all genders, and words importing the singular number also include the plural and vice versa.

(e) The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any “**Section**” or “**Article**” are to the corresponding Section or Article of this Agreement unless otherwise specified.

(f) Words such as “**herein**,” “**hereof**” and “**hereunder**” refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

(g) The word “**including**” or any variation thereof means “**including, without limitation**,” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(h) References to laws, rules and regulations shall include such laws, rules and regulations as they may from time to time be amended, modified or supplemented.

(i) Reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made

(j) References to any Person shall include its permitted successors and assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities.

ARTICLE 2

PURCHASE AND SALE

SECTION 2.01 *Purchase and Sale.* Except as otherwise provided below, upon the terms and subject to the conditions of this Agreement, the Buyer agrees to purchase from the Sellers and each Seller agrees to sell, convey, transfer, assign and deliver, or cause to be sold, conveyed, transferred, assigned and delivered, to the Buyer at the Closing, free and clear of all Liens and Claims, other than Assumed Liabilities and Permitted Liens, all of such Seller's right, title and interest in, to and under the 48 vehicles listed on Schedule 2.01(a) (each a "**Vehicle**" and collectively, the "**Purchased Assets**"); *provided, that* the Buyer expressly understands and agrees that all the assets and properties of the Sellers other than the Purchased Assets shall not be transferred to the Buyer under this Agreement (the "**Excluded Assets**"). The Buyer shall acquire all the Purchased Assets free and clear of any mortgage, lien, pledge, charge, security interest or encumbrance in respect of such property or asset or claim as defined in Section 101 of the Bankruptcy Code.

SECTION 2.02 *Assumed Liabilities.* Upon the terms and subject to the conditions of this Agreement, the Buyer agrees, effective at the time of the Closing, to assume (a) all liabilities and obligations arising from and after the Closing from or relating to the Purchased Assets and the ownership and operation thereof and (b) all Transfer Taxes (collectively, the "**Assumed Liabilities**"). The Buyer shall not assume any vehicle or financing leases hereunder or any past, current or future responsibility therefor or any liability thereunder.

SECTION 2.03 *Excluded Liabilities.* Notwithstanding any provision in this Agreement to the contrary, the Buyer is assuming only the Assumed Liabilities and is not assuming any other liability or obligation of any Seller of whatever nature, whether presently in existence or arising hereafter. All such other liabilities and obligations shall be retained by and remain obligations and liabilities of the Sellers (all such liabilities and obligations not being assumed being herein referred to as the "**Excluded Liabilities**").

SECTION 2.04 *Intentionally Omitted.*

SECTION 2.05 *Purchase Price.*

(a) On the terms and subject to the conditions contained herein, the purchase price (the "**Purchase Price**") for the Purchased Assets shall consist of:

- (i) cash in the amount of \$987,460.00; and
- (ii) the assumption of the Assumed Liabilities.

(b) At the Closing, the Buyer shall (i) indefeasibly pay to the Sellers the cash portion of the Purchase Price less the Good Faith Deposit, by wire transfer of immediately available funds to an account or accounts designated by the Sellers at least two (2) Business Days prior to the Closing Date and (iii) assume the Assumed Liabilities.

SECTION 2.06 *Good Faith Deposit.*

(a) Simultaneously with the execution of this Agreement, the Buyer shall deposit with the Sellers cash in the amount of \$49,373.00 (the “**Good Faith Deposit**”) to be held by the Sellers in a non-interest bearing account pending the Closing or other disbursement pursuant to this Agreement and applied as provided in Section 2.06(b).

(b) The Good Faith Deposit shall be retained by the Sellers in the following circumstances: (i) at the Closing as a credit against the Purchase Price and (ii) if this Agreement is terminated pursuant to Section 9.01(b). Except as described in the previous sentence, the Good Faith Deposit shall be returned to the Buyer after termination of this Agreement subject to any setoff for any claim of breach or payment due for breach by the Buyer of this Agreement.

SECTION 2.07 *The Closing.* The closing of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities hereunder (the “**Closing**”) shall take place at the offices of Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, on the first Business Day after the satisfaction (or waiver, as applicable) of the conditions to Closing set forth in Article 6 herein, including the entry of the Approval Order (unless the Bankruptcy Court or other court of competent jurisdiction has entered an order staying the Closing). At the Closing:

- (a) the Buyer shall deliver to the Sellers:
 - (i) the Purchase Price as described in Section 2.05(b); and
 - (ii) the Bill of Sale duly executed by the Buyer.
- (b) the Sellers shall deliver to the Buyer:
 - (i) the Bill of Sale duly executed by each applicable Seller; and
 - (ii) the Vehicles and shall use best efforts to deliver certificates of title, duly endorsed for transfer, with respect to the Vehicles.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller represents and warrants to the Buyer:

SECTION 3.01 *Organization and Qualification.* Each Seller has been duly organized and is validly existing and in good standing under the laws of its respective jurisdiction of organization, with the requisite power and authority to own its properties and conduct its business as currently conducted in all material respects. Each Seller, as applicable, has been duly qualified as a foreign corporation or organization for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except to the extent that the failure to be so qualified or be in good standing has not had and would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 *Authorization.* The execution, delivery and performance by the Sellers of this Agreement and the consummation of the transactions contemplated hereby are within the Sellers' corporate or limited liability company powers, as applicable, and, subject to the Bankruptcy Court's entry of the Approval Order, have been duly authorized by all necessary corporate or limited liability company action, as applicable, on the part of each Seller.

SECTION 3.03 *Execution and Delivery; Enforceability.* This Agreement has been duly and validly executed and delivered by each Seller, and, subject to the Bankruptcy Court's entry of the Approval Order, will constitute the valid and binding obligation of each Seller, enforceable against each such Seller in accordance with its terms.

SECTION 3.04 *Title to the Purchased Assets.* Upon consummation of the transactions contemplated hereby, the Buyer will have acquired good and marketable title in and to each of the Purchased Assets of any Seller, free and clear of all Liens (and in the case of any Seller, all Claims), other than Assumed Liabilities and Permitted Liens.

SECTION 3.05 *Condition of Vehicles.* Each Vehicle is materially in similar condition (reasonable wear and tear excepted) as it was at time of inspection by the Buyer on or about February 7, 2014 (the "**Inspection Date**"); *provided* that if a Vehicle is not materially in similar condition (reasonable wear and tear excepted) as it was on the Inspection Date, (a) such Vehicle shall not be a Purchased Asset and (b) the Purchase Price shall be reduced by an amount equal to the "Price" listed for such Vehicle on Schedule 2.01(a).

SECTION 3.06 *Exclusivity of Representations and Warranties.* The representations and warranties made by the Sellers in this Agreement are in lieu of and are exclusive of all other representations and warranties, including, without limitation, any implied warranties. The Sellers hereby disclaim any such other or implied representations or warranties, notwithstanding the delivery or disclosure to the Sellers or their officers, directors, employees, agents or representatives of any documentation or other information (including any financial projections or other supplemental data not included in this Agreement).

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to each Seller that:

SECTION 4.01 *Existence and Power.* The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has all requisite powers and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted.

SECTION 4.02 *Authorization.* The execution, delivery and performance by the Buyer of this Agreement and the consummation of the transactions contemplated hereby are within the corporate powers of the Buyer and have been duly authorized by all necessary corporate action on the part of the Buyer.

SECTION 4.03 *Execution and Delivery; Enforceability.* This Agreement has been duly and validly executed and delivered by the Buyer, and constitutes the valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

SECTION 4.04 *Inspections; No Other Representations.* The Buyer is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Purchased Assets as contemplated hereunder. The Buyer has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. The Buyer acknowledges that the Sellers have given the Buyer complete and open access to the Purchased Assets and the key employees, documents and facilities of the Sellers with respect to the Purchased Assets. The Buyer agrees, warrants and represents that (a) the Buyer is purchasing the Purchased Assets on an “AS IS,” “WHERE IS” and “WITH ALL FAULTS” basis based solely on the Buyer’s own investigation of the Purchased Assets, and (b) except as set forth in this Agreement, neither Sellers nor any director, officer, manager, employee, agent, consultant, or representative of the Sellers have made any warranties, representations or guarantees, express, implied or statutory, written or oral, respecting the Purchased Assets, any part of the Purchased Assets, the financial performance of the Purchased Assets, or the physical condition of the Purchased Assets. The Buyer further acknowledges that the consideration for the Purchased Assets specified in this Agreement has been agreed upon by the Sellers and the Buyer after good-faith arms’-length negotiation in light of the Buyer’s agreement to purchase the Purchased Assets “AS IS,” “WHERE IS” and “WITH ALL FAULTS.” The Buyer agrees, warrants and represents that the Buyer has relied, and shall rely, solely upon its own investigation of all such matters, and that the Buyer assumes all risks with respect thereto. **The Sellers hereby disclaim all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to the Buyer or its Affiliates or representatives (including any opinion, information, projection, or advice that may have been or may be provided to the Buyer by any director, officer, manager, employee, agent, consultant, or representative of the Sellers). The Sellers make no representations or warranties to the Buyer regarding the probable success, profitability or value of any of the Purchased Assets.**

SECTION 4.05 *Sufficiency of Funds.* The Buyer has, and will continue to have at all times prior to and at the Closing, sufficient cash or other sources of immediately available funds to enable it to make payment of the Purchase Price at Closing.

ARTICLE 5

COVENANTS

SECTION 5.01 *Confidentiality.* The Buyer agrees that prior to the Closing Date and after any termination of this Agreement, the Confidentiality Agreement shall remain in full force and effect. After the Closing has occurred, the Confidentiality Agreement shall be terminated to the extent relating to the Purchased Assets and Assumed Liabilities, but shall, with respect to any of the Excluded Assets and Excluded Liabilities remain in full force and effect.

SECTION 5.02 *Commercially Reasonable Efforts; Further Assurances.* Subject to the terms and conditions of this Agreement, the Buyer and the Sellers will use their commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement.

SECTION 5.03 *Public Announcements.* Absent the prior written consent of the other parties, such consent to not be unreasonably withheld, delayed or conditioned, neither the Sellers nor the Buyer shall make any press release, public announcement, securities filing or public statement concerning this Agreement or the transactions contemplated hereby, except as and to the extent that any such party shall be required to make any such disclosure by applicable law, and then only after giving the other party hereto an opportunity to review, if possible under the circumstances, such disclosure and consider in good faith the comments of the other party hereto. For the avoidance of doubt, nothing herein shall be construed to prohibit or restrict any disclosure or announcement which the Sellers make in connection with the Chapter 11 Cases.

SECTION 5.04 *Bankruptcy Court Approval.* Contemporaneously with execution of this Agreement, the Sellers have filed a motion with the Bankruptcy Court seeking entry of an order (the “**Approval Order**”) which, among other things, (a) approves this Agreement, (b) authorizes the sale of the Purchased Assets to the Buyer pursuant to Section 363 of the Bankruptcy Code, and (c) authorizes the other transactions contemplated by this Agreement, which Approval Order shall not be inconsistent with the terms of this Agreement. The Buyer agrees that it will, at the Buyer’s own cost, promptly take all actions as are reasonably requested by the Sellers to assist in obtaining the Bankruptcy Court’s entry of the Approval Order, including, without limitation, furnishing affidavits, financial information or other documents or information for filing with the Bankruptcy Court and making the Buyer’s employees and representatives available to testify before the Bankruptcy Court. The proposed Approval Order filed with the Bankruptcy Court by the Sellers shall be in form and substance reasonably acceptable to the Buyer.

SECTION 5.05. *Risk of Loss.* The Sellers shall bear the risk of loss of each of the Purchased Assets between the date of this Agreement and the Closing Date.

ARTICLE 6

CONDITIONS TO CLOSING

SECTION 6.01 *Conditions to the Obligations of the Sellers.* The obligations of the Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction (unless waived in writing by the Sellers) of each of the following conditions on or prior to the Closing Date:

(a) the representations and warranties of the Buyer contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date;

(b) the Buyer shall have performed and complied in all material respects with all covenants and obligations under this Agreement to be performed or complied with by it on or prior to the Closing Date;

(c) no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation or non appealable judgment, decree, injunction or other order that is in effect on the Closing Date and prohibits the consummation of the Closing; and

(d) the Bankruptcy Court shall have entered the Approval Order and such Approval Order shall not be subject to a stay pending appeal.

SECTION 6.02 *Conditions to the Obligation of the Buyer.* The obligation of the Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction (unless waived in writing by the Buyer) of each of the following conditions on or prior to the Closing Date:

(a) the representations and warranties of the Sellers contained in this Agreement, disregarding all materiality and Material Adverse Effect qualifications contained therein, shall be true and correct on and as of the Closing Date, except for any failure to be true and correct that, together with all other such failures, has not had, and would not reasonably be expected to have, a Material Adverse Effect;

(b) each Seller shall have performed and complied with all covenants and obligation under this Agreement, disregarding all materiality and Material Adverse Effect qualifications contained therein, to be performed or complied with by it on or prior to the Closing Date, except for any failure to perform and comply that, together with all other such failures, has not had, and would not reasonably be expected to have, a Material Adverse Effect;

(c) no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation or non appealable judgment, decree, injunction or other order that is in effect on the Closing Date and prohibits the consummation of the Closing; and

(d) the Bankruptcy Court shall have entered the Approval Order and such Approval Order shall not be subject to a stay pending appeal.

ARTICLE 7

TAX MATTERS

SECTION 7.01 *Transfer Taxes; Tax Cooperation.* To the extent not exempt under Section 1146(a) of the Bankruptcy Code in connection with the Chapter 11 Cases, all excise, sales, use, value added, registration stamp, recording, documentary, conveyance, franchise, property, transfer and similar Taxes, levies, charges and fees, including any interest and penalties incurred in connection with the transactions contemplated by this Agreement (collectively, “**Transfer Taxes**”) shall be borne by the Buyer when due, and the Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes. If any Seller, as agent for any Taxing Authority, is required to collect such Transfer Taxes, the Buyer shall pay the aggregate amount of such Transfer Taxes to the Sellers on demand and in

such case the Sellers shall remit such amount to the appropriate Taxing Authorities in accordance with applicable legislation. The Buyer and the Sellers shall cooperate in providing each other with any appropriate resale exemption certifications and other similar documentation, relating to Transfer Taxes. The Buyer shall indemnify and hold the Sellers harmless from and against any Transfer Taxes or other amounts which may be payable by or assessed against the Sellers as a result of any incorrect statement or breach of the obligations of the Buyer or in connection with the Seller's failure to collect and remit any Transfer Taxes on the sale and conveyance of the Purchased Assets to the Buyer.

SECTION 7.02 *Purchase Price Allocation.* The Buyer shall prepare an allocation of the Purchase Price (and all other capitalized costs) among the Purchased Assets in accordance with Code §1060 and the Treasury regulations thereunder (and any similar provision of state, local, or non-U.S. law, as appropriate) (the "**Purchase Price Allocation**"), which Purchase Price Allocation shall be binding upon the Parties. The Buyer shall prepare the Purchase Price Allocation such that it is consistent with Section 2.05. The Buyer shall deliver the Purchase Price Allocation to the Sellers within 60 days after the Final Closing Date. The Buyer shall permit the Sellers to review and comment on the Purchase Price Allocation and shall act in good faith to resolve any issues with respect to the Purchase Price Allocation. Any issues with respect to the Purchase Price Allocation that have not been finally resolved within 30 days after delivery to the Sellers shall be determined by the Buyer; provided, however, the Buyer shall take no position in the Purchase Price Allocation that is inconsistent with applicable law or would subject the Sellers to penalties for reporting and filing Tax Returns consistent with such Purchase Price Allocation. The Sellers and the Buyer and their respective Affiliates shall report, act, and file Tax Returns (including, but not limited to Internal Revenue Service Form 8594) in all respects and for all purposes consistent with such allocation prepared by the Sellers. Neither the Sellers nor the Buyer shall take any position (whether in audits, Tax Returns, or otherwise) that is inconsistent with such allocation unless required to do so by applicable law.

ARTICLE 8

SURVIVAL

SECTION 8.01 *Survival.* The (a) representations and warranties of the parties, and (b) covenants and agreements of the parties that by their terms are to be performed prior to the Closing, contained in this Agreement or in any certificate or other writing delivered in connection herewith shall not survive the Closing. The covenants and agreements contained herein that by their terms are to be performed after the Closing shall survive the Closing indefinitely except the covenants, agreements, representations and warranties contained in Article 7 shall survive until expiration of the statute of limitations applicable to the matters covered thereby (giving effect to any waiver, mitigation or extension thereof). Notwithstanding any provision to the contrary in this Agreement, it is understood and agreed between the Sellers and the Buyer that the Sellers may be wound up and dissolved following the Closing.

ARTICLE 9

TERMINATION

SECTION 9.01 *Grounds for Termination.* This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written agreement of the Sellers and the Buyer;
- (b) by the Sellers, if the Buyer has breached any representation or warranty of the Buyer contained in this Agreement in any material respect, or if the Buyer shall fail to perform or comply in all material respects with all covenants and obligations of the Buyer under this Agreement to be performed or complied with by it on or prior to the Closing Date; *provided, that* the Sellers are not then in material breach of their representations, warranties, covenants or obligations under this Agreement;
- (c) by the Sellers, if any condition to the obligations of the Sellers set forth in Section 6.01 shall have become incapable of fulfillment; *provided, that* the Sellers are not then in material breach of their representations, warranties, covenants or obligations under this Agreement;
- (d) by the Buyer, if any condition to the obligation of the Buyer set forth in Section 6.02 shall have become incapable of fulfillment; *provided, that* the Buyer is not then in material breach of its representations, warranties, covenants or obligations under this Agreement; or
- (e) by either the Sellers or the Buyer, if the Closing shall not have been consummated on or before March [31], 2014, unless the party seeking termination is in material breach of its representations, warranties, covenants or obligations under this Agreement.

The party desiring to terminate this Agreement pursuant to this Section 9.01 (other than pursuant to Section 9.01(a)) shall give notice of such termination to the other party in accordance with Section 10.01.

SECTION 9.02 *Effect of Termination.* If this Agreement is terminated as permitted by Section 9.01, such termination shall be without liability of any party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other parties to this Agreement except as provided in Sections 2.06 and Article 10, the provisions of which shall represent the sole and exclusive rights of the parties upon a termination of this Agreement under Section 9.01; *provided, that* if such termination shall result from the (i) failure of the Buyer to perform a covenant or obligation of this Agreement, or (ii) breach of any representation or warranty by the Buyer, the Buyer shall be fully liable for any and all damages, costs and expenses incurred or suffered by the Sellers as a result of such failure or breach. The provisions of Sections 2.06, 5.01, and Article 10 shall survive any termination pursuant to Section 9.01.

SECTION 9.03 *Exclusive Remedies.* Effective as of the Closing, the Buyer waives any rights and claims the Buyer may have against the Sellers, whether in law or in equity, relating to

(i) any breach of representation, warranty, covenant or obligation contained herein occurring on or prior to the Closing, or (ii) the Purchased Assets or Assumed Liabilities.

ARTICLE 10

MISCELLANEOUS

SECTION 10.01 *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including facsimile or email transmission with delivery confirmation) and shall be given,

if to the Buyer:

Holcomb Bus Service, Inc.
11 Karr Drive
Bellmawr, New Jersey 08031
Attention: A.J. Holcomb
Fax: (856) 931-2165
Email: aj.holcomb@holcombbus.com

with a copy to:

Sclar Adler LLP
19 West 34th Street
Suite 1018
New York, New York 10003
Attention: Alan Sclar, Esq.
Fax: 212-537-0359
Email: asclar@sclarlaw.com

if to the Sellers, to:

Atlantic Express Transportation Corp.
7 North Street
Staten Island, NY 10302
Attention: David Carpenter
Fax: (718) 442-5705
Email: dcarpenter@aebus.com

with a copy to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036
Attention: Lisa G. Beckerman, Esq.
Attention: Stephen B. Kuhn, Esq.
Fax: (212) 872-1002
Email: lbeckerman@akingump.com
Email: skuhn@akingump.com

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day at the place of receipt.

SECTION 10.02 *Amendments and Waivers.*

(a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 10.03 *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided, that* no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the written consent of each other party hereto.

SECTION 10.04 *Governing Law.* This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

SECTION 10.05 *Jurisdiction.* The parties hereto agree that, during the period from the date hereof until the date on which the Chapter 11 Cases are closed or dismissed (the “**Bankruptcy Period**”), any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought exclusively in the Bankruptcy Court. The parties further agree that, following the Bankruptcy Period, any suit, action or proceeding with respect to this Agreement or the transactions contemplated hereby shall be brought against any of the parties exclusively in either the United States District Court for the Southern District of New York or any state court of the State of New York located in such district, and each of the parties hereby irrevocably consents to the jurisdiction of such court and the Bankruptcy Court (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in the such courts or that any such suit, action or proceeding which is brought in such courts has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of the Bankruptcy Court, the United States District Court for the Southern District of New York or any state court of the State of New York.

SECTION 10.06 *WAIVER OF JURY TRIAL.* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 10.07 *Counterparts; Third Party Beneficiaries.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. No provision of this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

SECTION 10.08 *Specific Performance.* It is understood and agreed by the Buyer that money damages would be an insufficient remedy for any breach of this Agreement by the Buyer and as a consequence thereof, after the Bankruptcy Court's entry of the Approval Order, the Sellers shall be entitled to specific performance and injunctive or other equitable relief as a remedy for such breach, including, without limitation, an order of the Bankruptcy Court or other court of competent jurisdiction requiring the Buyer to comply promptly with all of its obligations hereunder.

SECTION 10.09 *Entire Agreement.* This Agreement, the Confidentiality Agreement, the Approval Order and the Bill of Sale constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

SECTION 10.10 *Bulk Sales Laws.* The Buyer hereby waives compliance by the Sellers and the Sellers hereby waive compliance by the Buyer with the provisions of the "bulk sales", "bulk transfer" or similar laws of any jurisdiction other than any laws which would exempt any of the transactions contemplated by this Agreement from any Tax liability which would be imposed but for such compliance.

SECTION 10.11 *No Strict Construction.* The Buyer, on the one hand, and the Sellers, on the other hand, participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Buyer, on the one hand, and the Sellers, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

SECTION 10.12 *Non-Recourse.* No past, present or future director, manager, officer, employee, incorporator, member, unitholder, partner or equityholder of any party hereto shall have any liability for any obligations or liabilities of the parties under this Agreement or any other document related to the transactions contemplated hereby, for any claim based on, in respect of, or by reason of the transactions contemplated hereby and thereby, and each party

hereby covenants not to sue any past, present or future director, manager, officer, employee, incorporator, member, unitholder, partner or equityholder of any other party for any such claim.

SECTION 10.13 *Severability*. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.


SECTION 10.14 *Fees and Expenses*. Each party will bear its own costs and expenses incurred in connection with the preparation, execution and performance of this Agreement, the Bill of Sale and the transactions contemplated hereby and thereby.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

SELLERS

ATLANTIC EXPRESS TRANSPORTATION CORP.
180 JAMAICA CORP.
AMBOY BUS CO., INC.
ATLANTIC ESCORTS, INC.
ATLANTIC EXPRESS COACHWAYS, INC.
ATLANTIC EXPRESS NEW ENGLAND, INC.
ATLANTIC EXPRESS OF CALIFORNIA, INC.
ATLANTIC EXPRESS OF ILLINOIS, INC.
ATLANTIC EXPRESS OF LA, INC.
ATLANTIC EXPRESS OF MISSOURI, INC.
ATLANTIC EXPRESS OF NEW JERSEY, INC.
ATLANTIC EXPRESS OF PENNSYLVANIA, INC.
ATLANTIC QUEENS BUS CORP.
ATLANTIC PARATRANS OF NYC, INC.
ATLANTIC PARATRANS, INC.
ATLANTIC TRANSIT, CORP.
ATLANTIC-HUDSON, INC.
BLOCK 7932, INC.
BROOKFIELD TRANSIT, INC.
COURTESY BUS CO., INC.
FIORE BUS SERVICE, INC.
GROOM TRANSPORTATION, INC.
G.V.D. LEASING, INC.
JAMES MCCARTY LIMO SERVICES, INC.
JERSEY BUSINESS LAND CO. INC.
K. CORR, INC.
MERIT TRANSPORTATION CORP.
METRO AFFILIATES, INC.
METROPOLITAN ESCORT SERVICE, INC.
MIDWAY LEASING, INC.
R. FIORE BUS SERVICE, INC.
RAYBERN BUS SERVICE, INC.
RAYBERN CAPITAL CORP.
RAYBERN EQUITY CORP.
ROBERT L. MCCARTHY & SON, INC.
STATEN ISLAND BUS, INC.
TEMPORARY TRANSIT SERVICE, INC.
ATLANTIC EXPRESS OF UPSTATE NEW YORK INC.
TRANSCOMM, INC.
WINSALE, INC.

By: 
Name: David Carpenter
Title: Chief Executive Officer

HOLCOMB BUS SERVICE, INC

By: 

Name: A.J. Holcomb

Title: President

EXHIBIT A
SELLING SUBSIDIARIES

180 Jamaica Corp.
Amboy Bus Co., Inc.
Atlantic Escorts, Inc.
Atlantic Express Coachways, Inc.
Atlantic Express New England, Inc.
Atlantic Express of California, Inc.
Atlantic Express of Illinois, Inc.
Atlantic Express of LA, Inc.
Atlantic Express of Missouri, Inc.
Atlantic Express of New Jersey, Inc.
Atlantic Express of Pennsylvania, Inc.
Atlantic Queens Bus Corp.
Atlantic Paratrans of NYC, Inc.
Atlantic Paratrans, Inc.
Atlantic Transit, Corp.
Atlantic-Hudson, Inc.
Block 7932, Inc.
Brookfield Transit, Inc.
Courtesy Bus Co., Inc.
Fiore Bus Service, Inc.
Groom Transportation, Inc.
G.V.D. Leasing, Inc.
James McCarty Limo Services, Inc.
Jersey Business Land Co. Inc.
K. Corr, Inc.
Merit Transportation Corp.
Metro Affiliates, Inc.
Metropolitan Escort Service, Inc.
Midway Leasing, Inc.
R. Fiore Bus Service, Inc.
Raybern Bus Service, Inc.
Raybern Capital Corp.
Raybern Equity Corp.
Robert L. McCarthy & Son, Inc.
Staten Island Bus, Inc.
Temporary Transit Service, Inc.
Atlantic Express of Upstate New York Inc.
Transcomm, Inc.
Winsale, Inc.

EXHIBIT B – FORM OF BILL OF SALE

This BILL OF SALE (“**Bill of Sale**”), effective as of February [___], 2014, is made by and among Atlantic Express Transportation Corp., a New York corporation (the “**Company**”) and each of its Selling Subsidiaries listed on Annex A, attached hereto, (together with the Company, each, a “**Seller**” and collectively, the “**Sellers**”) and Holcomb Bus Service, Inc., a New Jersey corporation (the “**Buyer**” and together with the Sellers, the “**Parties**”).

RECITALS

A. The Sellers and the Buyer have entered into that certain Asset Purchase Agreement, dated as of February [___], 2014 (the “**Purchase Agreement**”), pursuant to which the Sellers are to sell and the Buyer is to purchase the Purchased Assets. Capitalized terms used but not otherwise defined in this Bill of Sale shall have the meanings ascribed to such terms in the Purchase Agreement.

B. The Sellers have agreed to execute and deliver this Bill of Sale to the Buyer for the purpose of transferring to the Buyer the Sellers’ right, title and interest in, to and under the Purchased Assets as set forth in the Purchase Agreement.

AGREEMENT

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Sale and Transfer of Purchased Assets. Each Seller hereby sells, conveys, transfers, assigns and delivers, or causes to be sold, conveyed, transferred, assigned and delivered, to the Buyer, its successors and assigns, free and clear of all Liens and Claims, other than Assumed Liabilities and Permitted Liens, all of such Seller’s right, title and interest in, to and under the Purchased Assets.

2. Non-Assignable Assets. Nothing in this Bill of Sale shall be construed as an attempt or agreement to transfer or assign any Purchased Asset that (a) is not capable of being assigned pursuant to section 365 of the Bankruptcy Code or transferred pursuant to section 363 of the Bankruptcy Code to the Buyer at the Closing, or (b) the transfer or assignment of which would result in a violation of any applicable law, if the consent or approval of a third party is not obtained prior to such transfer or assignment unless and until such consent or approval shall have been obtained.

3. Terms of the Purchase Agreement. Nothing in this Bill of Sale shall supersede, change, amend, extend, or alter (nor should it be deemed or construed as changing, amending, extending, or altering) any liability, obligation, agreement, covenant or warranty of the Sellers or the Buyer arising under the Purchase Agreement. In the event of any conflict or inconsistency between this Bill of Sale and the Purchase Agreement, the terms of the Purchase Agreement shall prevail. No representations and warranties whatsoever, other than the express representations and warranties set forth in the Purchase Agreement, are made by any of the Sellers with respect to the Purchased Assets.

4. Successors and Assigns. The provisions of this Bill of Sale shall be binding upon and inure to the benefit of the Parties and their respective successors (including any trustee, receiver, receiver-manager, interim receiver or monitor or similar officer appointed in respect of Sellers in the Chapter 11 Cases) and assigns; provided that no Party may assign, delegate or otherwise transfer any of its rights or obligations under this Bill of Sale without the written consent of each other Party.

5. Governing Law. This Bill of Sale shall be governed by and construed in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state and, to the extent applicable, the Bankruptcy Code.

6. Counterparts; Third Party Beneficiaries. This Bill of Sale may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Bill of Sale shall become effective when each Party shall have received a counterpart hereof signed by the other Party. No provision of this Bill of Sale is intended to confer upon any Person other than the Parties any rights or remedies hereunder.

7. Submission to Jurisdiction; Consent to Service of Process. The Parties agree that, during the Bankruptcy Period, any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Bill of Sale or the transactions contemplated hereby shall be brought exclusively in the Bankruptcy Court. The Parties further agree that, following the Bankruptcy Period, any suit, action or proceeding with respect to this Bill of Sale or the transactions contemplated hereby shall be brought against any of the Parties exclusively in either the United States District Court for the Southern District of New York or any state court of the State of New York located in such district, and each of the Parties hereby irrevocably consents to the jurisdiction of such court and the Bankruptcy Court (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in the such courts or that any such suit, action or proceeding which is brought in such courts has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of the Bankruptcy Court, the United States District Court for the Southern District of New York or any state court of the State of New York.

8. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS BILL OF SALE.

9. Amendments and Waivers. Any provision of this Bill of Sale may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in

the case of an amendment, by each Party to this Bill of Sale or, in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SELLERS

**ATLANTIC EXPRESS TRANSPORTATION CORP.
180 JAMAICA CORP.
AMBOY BUS CO., INC.
ATLANTIC ESCORTS, INC.
ATLANTIC EXPRESS COACHWAYS, INC.
ATLANTIC EXPRESS NEW ENGLAND, INC.
ATLANTIC EXPRESS OF CALIFORNIA, INC.
ATLANTIC EXPRESS OF ILLINOIS, INC.
ATLANTIC EXPRESS OF LA, INC.
ATLANTIC EXPRESS OF MISSOURI, INC.
ATLANTIC EXPRESS OF NEW JERSEY, INC.
ATLANTIC EXPRESS OF PENNSYLVANIA, INC.
ATLANTIC QUEENS BUS CORP.
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ATLANTIC PARATRANS, INC.
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G.V.D. LEASING, INC.
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JERSEY BUSINESS LAND CO. INC.
K. CORR, INC.
MERIT TRANSPORTATION CORP.
METRO AFFILIATES, INC.
METROPOLITAN ESCORT SERVICE, INC.
MIDWAY LEASING, INC.
R. FIORE BUS SERVICE, INC.
RAYBERN BUS SERVICE, INC.
RAYBERN CAPITAL CORP.
RAYBERN EQUITY CORP.
ROBERT L. MCCARTHY & SON, INC.
STATEN ISLAND BUS, INC.
TEMPORARY TRANSIT SERVICE, INC.
ATLANTIC EXPRESS OF UPSTATE NEW YORK INC.
TRANSCOMM, INC.
WINSALE, INC.**

By: _____
Name:
Title:

HOLCOMB BUS SERVICE, INC.

By: _____
Name:
Title:

ANNEX A
SELLING SUBSIDIARIES

180 Jamaica Corp.
Amboy Bus Co., Inc.
Atlantic Escorts, Inc.
Atlantic Express Coachways, Inc.
Atlantic Express New England, Inc.
Atlantic Express of California, Inc.
Atlantic Express of Illinois, Inc.
Atlantic Express of LA, Inc.
Atlantic Express of Missouri, Inc.
Atlantic Express of New Jersey, Inc.
Atlantic Express of Pennsylvania, Inc.
Atlantic Queens Bus Corp.
Atlantic Paratrans of NYC, Inc.
Atlantic Paratrans, Inc.
Atlantic Transit, Corp.
Atlantic-Hudson, Inc.
Block 7932, Inc.
Brookfield Transit, Inc.
Courtesy Bus Co., Inc.
Fiore Bus Service, Inc.
Groom Transportation, Inc.
G.V.D. Leasing, Inc.
James McCarty Limo Services, Inc.
Jersey Business Land Co. Inc.
K. Corr, Inc.
Merit Transportation Corp.
Metro Affiliates, Inc.
Metropolitan Escort Service, Inc.
Midway Leasing, Inc.
R. Fiore Bus Service, Inc.
Raybern Bus Service, Inc.
Raybern Capital Corp.
Raybern Equity Corp.
Robert L. McCarthy & Son, Inc.
Staten Island Bus, Inc.
Temporary Transit Service, Inc.
Atlantic Express of Upstate New York Inc.
Transcomm, Inc.
Winsale, Inc.

SCHEDULE 2.01(a)

PURCHASED ASSETS

[see attached]

Schedule 2.01(a)

YEAR	VEH #	VIN #	PLATE #	MAKE	BODY	ENGINE	FUEL	CYL	PAX	TYPE	A/C	CLASSIFICATION	LIEN HOLDER	OLV	Price	% of OLV
2006	087163	1GBJG312561147200	S2L677	GM	U S BUS E350	6.6L	D	8	6A/4WC	RW	Yes	BUS	BONY Mellon	\$ 10,500	\$ 13,600	130%
2006	096022	4DRBUAAP06B252466	S1P924	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096013	4DRBUAAP06B263676	S1P935	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096031	4DRBUAAP06B263693	4704AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096023	4DRBUAAP16B263685	S1P926	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096037	4DRBUAAP16B263699	4707AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096005	4DRBUAAP26B252467	S1P927	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096008	4DRBUAAP26B252470	S1P922	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096014	4DRBUAAP26B263677	S1P936	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096016	4DRBUAAP26B263680	S1P911	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096032	4DRBUAAP26B263694	4703AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096001	4DRBUAAP36B252462	S1P912	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096024	4DRBUAAP36B263686	S1P928	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096006	4DRBUAAP46B252468	S1P919	IC	CE300	DT466	D	6	54	SNB	No	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096009	4DRBUAAP46B252471	S1P925	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096015	4DRBUAAP46B263678	S1P909	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096033	4DRBUAAP46B263695	4705AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096038	4DRBUAAP46B263700	4709AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096002	4DRBUAAP56B252463	S1P914	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096025	4DRBUAAP56B263687	S1P931	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096028	4DRBUAAP56B263690	S1P937	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096007	4DRBUAAP66B252469	S1P921	IC	CE300	DT466	D	6	54	SNB	No	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096010	4DRBUAAP66B252472	S1P929	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096021	4DRBUAAP66B263679	S1P923	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096018	4DRBUAAP66B263682	S1P915	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096034	4DRBUAAP66B263696	4706AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096039	4DRBUAAP66B263701	4711AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096003	4DRBUAAP76B252464	S1P916	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096011	4DRBUAAP76B263674	S1P930	IC	CE300	DT466	D	6	54	SNB	No	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096026	4DRBUAAP76B263688	S1P932	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096029	4DRBUAAP76B263691	S1P938	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096019	4DRBUAAP86B263683	S1P917	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096035	4DRBUAAP86B263697	4708AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096040	4DRBUAAP86B263702	4712AS1	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096004	4DRBUAAP96B252465	S1P918	IC	CE300	DT466	D	6	54	SNB	No	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096012	4DRBUAAP96B263675	S1P933	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096027	4DRBUAAP96B263689	S1P934	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096030	4DRBUAAP96B263692	S1P939	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE C SCHL BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	096020	4DRBUAAPX6B263684	S1P920	IC	CE300	DT466	D	6	54	SNB	Yes	TYPE D SCH BUS	Merchants / BONY Mellon	\$ 21,700	\$ 22,200	102%
2006	087170	1GBJG312261150345	B108S1	GM	MID BUS	6.6L	D	8	12A/20C	SSB	Yes	TYPE A SCH BUS	BONY Mellon	\$ 10,500	\$ 13,650	130%

YEAR	VEH #	VIN #	PLATE #	MAKE	BODY	ENGINE	FUEL	CYL	PAX	TYPE	A/C	CLASSIFICATION	LIEN HOLDER	OLV	Price	% of OLV
2006	087165	1GBJG312561146094	S2L678	CHEV	G350	6.6L	D	8	6A/4WC	RW	Yes	BUS	BONY Mellon	\$ 10,500	\$ 13,650	130%
2006	087172	1GBJG312761235293	S1Y457	GM	MID BUS	6.6L	D	8	12A/20C	SSB	Yes	TYPE A SCH BUS	BONY Mellon	\$ 10,500	\$ 13,650	130%
2006	087173	1GBJG312X61150450	B109S1	GM	MID BUS	6.6L	D	8	12A/20C	SSB	Yes	TYPE A SCH BUS	BONY Mellon	\$ 10,500	\$ 13,650	130%
2006	087167	1GBJG312761240185	S2L672	GM	G350	6.6L	D	8	6A/4WC	RW	Yes	BUS	Merchants / BONY Mellon	\$ 10,500	\$ 13,650	130%
2006	087164	1GBJG312861146686	S2L671	CHEV	G350	6.6L	D	8	6A/4WC	RW	Yes	BUS	Merchants / BONY Mellon	\$ 10,500	\$ 13,650	130%
2007	087168	1GBJG312761269153	S2L673	GM	G350	6.6L	D	8	6A/4WC	RW	Yes	BUS	Merchants / BONY Mellon	\$ 12,600	\$ 16,380	130%
2007	087171	1GBJG312961235280	S1Y433	GM	MID BUS	6.6L	D	8	12A/20C	SSB	Yes	TYPE A SCH BUS	Merchants / BONY Mellon	\$ 12,600	\$ 16,380	130%
2007	087169	1GBJG312X61149945	S1Y432	GM	MID BUS	6.6L	D	8	12A/20C	SSB	Yes	TYPE A SCH BUS	Merchants / BONY Mellon	\$ 12,600	\$ 15,600	124%
														\$ 935,900	\$ 987,460	106%