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Debtors in Possession*

*Counsel to the Official Committee of
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re:

METRO AFFILIATES, INC., *et al.*¹,

Debtors.
-----X

Chapter 11

Case No. 13-13591 (SHL)

Jointly Administered

**NOTICE OF FILING OF STIPULATION RESOLVING CERTAIN
WINDDOWN ISSUES AND AMENDING LIQUIDATING TRUST AGREEMENT**

PLEASE TAKE NOTICE THAT, on June 11, 2014, the United States Bankruptcy Court for the Southern District of New York entered its *Findings of Fact, Conclusions of Law, and Order Confirming First Amended Joint Chapter 11 Plan of Liquidation for Metro Affiliates, Inc. and Its Affiliated Debtors Proposed by the Debtors and the Official Committee of Unsecured Creditors* [ECF No. 1372] (the "Confirmation Order"). Among other things, the Confirmation Order confirmed the *First Amended Joint Chapter 11 Plan of Liquidation for Metro Affiliates, Inc. and its Affiliated Debtors Proposed by the Debtors and the*

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.



Official Committee of Unsecured Creditors [ECF No. 1151] (as amended from time to time in accordance with the terms thereof and the Confirmation Order, the “Plan”), thereby authorizing Metro Affiliates, Inc. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) to implement the Plan in accordance with its terms.

PLEASE TAKE FURTHER NOTICE THAT, on June 30, 2014, in furtherance of the Confirmation Order and Plan, (i) the Debtors, (ii) Wayzata Opportunities Fund, LLC, Wayzata Opportunities Fund II, L.P., Wayzata Recovery Fund, LLC, Wayzata Opportunities Fund Offshore, L.P., and Wayzata Opportunities Fund Offshore II, L.P., (iii) The Bank of New York Mellon, as indenture trustee and collateral agent for the Notes, on behalf of the holders of the (a) New Senior Secured Notes issued by AETC on October 19, 2009 in the original principal amount of \$90 million, and (b) the Senior Secured PIK Notes issued by AETC in the aggregate principal amount of \$65,423,638, and (iv) the Official Committee of Unsecured Creditors in these chapter 11 cases, entered into the *Stipulation Resolving Certain Winddown Issues and Amending Liquidating Trust Agreement*, attached hereto as **Exhibit A**.

Dated: New York, New York
June 30, 2014

AKIN GUMP STRAUSS HAUER & FELD LLP

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EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

METRO AFFILIATES, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 13-13591 (SHL)

Jointly Administered

-----X

**STIPULATION RESOLVING CERTAIN WINDDOWN ISSUES
AND AMENDING LIQUIDATING TRUST AGREEMENT**

This stipulation ("Stipulation") is entered into among (i) Atlantic Express Transportation Corp. ("AETC") and each of its related debtors, as debtors and debtors in possession (collectively with AETC, the "Debtors"), (ii) Wayzata Opportunities Fund, LLC, Wayzata Opportunities Fund II, L.P., Wayzata Recovery Fund, LLC, Wayzata Opportunities Fund Offshore, L.P., and Wayzata Opportunities Fund Offshore II, L.P. (collectively, the "Wayzata Entities"), (iii) The Bank of New York Mellon, as indenture trustee and collateral agent for the Notes (the "Indenture Trustee"), on behalf of the holders of the (a) New Senior Secured Notes issued by AETC on October 19, 2009 in the original principal amount of \$90 million, and (b) the Senior Secured PIK Notes issued by AETC in the aggregate principal amount of \$65,423,638

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(collectively, the “Noteholders”), and (iv) the Official Committee of Unsecured Creditors in these chapter 11 cases (the “Committee” and together with the Debtors, the Wayzata Entities and the Indenture Trustee, the “Parties” and each a “Party”), each of the foregoing by and through their counsel.

RECITALS

WHEREAS, on November 4, 2013, the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”);

WHEREAS, on March 31, 2014, the Debtors and the Committee filed the *Joint Chapter 11 Plan of Liquidation for Metro Affiliates, Inc. and its Affiliated Debtors Proposed by the Debtors and the Official Committee of Unsecured Creditors* [ECF No. 1044] (as amended, the “Plan”) and *Disclosure Statement for the Joint Chapter 11 Plan of Liquidation for Metro Affiliates, Inc. and its Affiliated Debtors Proposed by the Debtors and the Official Committee of Unsecured Creditors* [ECF No. 1045] (as amended, the “Disclosure Statement”)²;

WHEREAS, on June 11, 2014, the Court approved the Plan and entered its *Findings of Fact, Conclusions of Law, and Order Confirming First Amended Joint Chapter 11 Plan of Liquidation for Metro Affiliates, Inc. and its Affiliated Debtors Proposed by the Debtors and the Official Committee of Unsecured Creditors* [ECF No. 1372] (the “Confirmation Order”);

WHEREAS, in connection with the filing of the Plan, the Debtors, the Committee, Wells Fargo and the Wayzata Entities negotiated that certain Settlement Term Sheet (the “Global Settlement”), dated February 24, 2014, a copy of which is attached as Exhibit B to the *Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Enter*

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement, as applicable.

into Seventh Amendment to the Ratification Agreement, (II) Approving the Budget and (III) Amending Certain Provisions of the Final DIP Order [ECF No. 870];

WHEREAS, in connection with the Global Settlement the Noteholders consented to the use of their cash collateral in accordance with the DIP budget to fund the costs of the Debtors' wind down of the Chapter 11 Cases, including Professional Fee Claims subject to the Aggregate Cap (as defined in the DIP Credit Facility), with funds that otherwise would have been used to pay the Notes;

WHEREAS, the Debtors have identified additional wind down expenses, as identified on Exhibit A hereto, that have not been accounted for in the DIP budget (the "Additional Wind Down Expenses");

WHEREAS, the Wayzata Entities assert that Noteholders have no obligation to permit cash collateral of the Noteholders to be used to pay the Additional Wind Down Expenses;

WHEREAS, certain of the Debtors' insurance carriers, including the AIG Companies (as defined in the Confirmation Order) and Liberty (as defined in the Confirmation Order) currently hold collateral in the form of cash deposits or proceeds of letters of credit (the "Collateral"), as security for the Debtors' ongoing payment obligations under various policies obtained in the ordinary course of the Debtors' businesses;

WHEREAS, the Parties believe that the amount of the Collateral may exceed the Debtors' anticipated payment obligations under the applicable insurance policies and related agreements and that such excess Collateral, or the proceeds thereof (such excess, collectively, the "Excess Insurance Collateral Proceeds"), should be paid to the Debtors or their successors in interest under the Plan;

WHEREAS, the Committee and the Wayzata Entities disagree regarding whether the Excess Insurance Collateral Proceeds are Unencumbered Assets;

WHEREAS, the Confirmation Order provides that a Representative (as defined in the Confirmation Order) will be selected by the Liquidating Trustee and Wayzata Entities and shall have the sole and exclusive authority to, among other things, receive payments of any Excess Insurance Collateral Proceeds from the AIG Companies;

WHEREAS, the Parties have negotiated in good faith and at arms' length the terms of this Stipulation; the terms of which were agreed upon prior to the Effective Date.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be bound hereby the Parties agree as follows:

1. Funding of Additional Wind Down Expenses. The Noteholders consent to the funding out of the Noteholders' collateral and/or the proceeds thereof collected by the Debtors of the Additional Wind-Down Expenses (but shall have no obligation to fund any amounts out of pocket).

2. Costs of the Representative. Any and all costs of the Representative appointed for purposes of reviewing insurance claims that are made against the AIG Companies and coordinating with the AIG Companies regarding such claims shall be borne out of the Other GUC Escrow or other funds held by the Liquidating Trust for the benefit of Allowed Class 2, Class 5 or Class 6 Claims. The Representative shall also act in a similar capacity as needed to review insurance claims that are made against Liberty and coordinating with Liberty regarding such claims and any and all costs of the Representative incurred while acting in such capacity

shall also be borne out of the Other GUC Escrow or other funds held by the Liquidating Trust for the benefit of Allowed Class 2, Class 5 or Class 6 Claims.

3. Payment of Other Expenses and Recovery. Other than the cost of the Representative, expenses related to the recovery of any Excess Insurance Collateral Proceeds, and the right to any such Excess Insurance Collateral Proceeds, shall be split between the Noteholders and funds held for the benefit of Holders of Allowed unsecured Claims as follows: 85% to/from the Noteholders and 15% to/from funds held for the benefit of Allowed unsecured Claims, with any decisions related to recovery of Excess Insurance Collateral proceeds being subject to the unanimous approval of the Oversight Committee (in accordance with the Liquidating Trust Agreement).

4. Collection and Distribution Mechanics. The collection and distribution of any Excess Insurance Collateral Proceeds shall be governed by the Liquidating Trust Agreement, as modified by this Stipulation.

5. Due Authorization. Each Party to this Stipulation hereby represents and warrants that this Stipulation has been duly authorized and that the person executing this Stipulation on its behalf is fully competent and duly authorized to execute this Stipulation.

6. Counterparts. This Stipulation may be executed in one or more counterparts, each of which is deemed an original, together constituting one and the same document. Facsimile signatures and signatures in portable document format (.pdf) are deemed originals for purposes of this Stipulation.

7. Entire Agreement. This Stipulation contains the entire agreement among the Parties as to the subject matter hereof and supersedes any and all prior oral or written agreements and understandings between the Parties relating thereto.

8. Binding on the Parties. This Stipulation shall be binding upon and shall inure to the benefit of each of the Parties hereto and their legal representatives, predecessors, the successors and assigns.

9. Governing Law. This Stipulation shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of laws principles.

10. Modification. This Stipulation may not be modified except in writing signed by the Parties. Any attempted oral modification of this Stipulation shall be void.

11. Third Party Rights. Nothing contained in this Stipulation, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Stipulation.

12. Effectuation of Agreement. The Parties agree to execute and deliver any additional documents that are reasonably necessary to effect the agreements contemplated by this Stipulation.

13. Retention of Jurisdiction. The Court shall retain jurisdiction to resolve any disputes or controversies arising from this Stipulation.

Dated: New York, New York
June 30, 2014

AKIN GUMP STRAUSS HAUBER & FELD LLP
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affiliated Debtors

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Dated: Uniondale, New York
June , 2014

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Dated: New York, New York
June 30, 2014

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13. Retention of Jurisdiction. The Court shall retain jurisdiction to resolve any disputes or controversies arising from this Stipulation.

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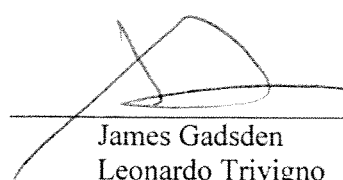
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Dated: New York, New York
June 30, 2014

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By: _____



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EXHIBIT A

ADDITIONAL WIND DOWN EXPENSES

- \$125,000 for CBIZ (\$100,000 of which was included in the DIP budget) for tax preparation
- \$75,000 for taxes not included in the DIP budget for the stub period tax year
- \$150,000 reserve for LCS&Z and legal fees post-emergence related to the Department of Labor process
- \$150,000 for July and August services of Bella Kovtun, Nathan Schlenker and Richard Dinaburg (plus consulting from Richard Bailey/Diane Turcotte)
- \$95,000 for legal, accounting and filing fees to effectuate dissolution
- costs associated with any storage of records
- any costs associated with an office for July (\$17,000) and August (if needed)
- \$298,018 for D&O insurance tail policy
- \$42,675 for U.S. Trustee fees for the second quarter of 2014 (\$32,675 included in DIP budget)

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