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February 21, 2003

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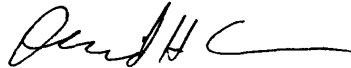
The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 711
Washington, DC 20423-0001

**Re: MC-F-20995, Coach USA, Inc. et al. -- Peter Pan Bus Lines Trust --
Purchase and Acquisition of Control -- Arrow Line Acquisition, LLC,
et al.**

Dear Secretary Williams:

Enclosed for filing please find an original and 10 copies of the Reply of Coach USA, Inc.

Respectfully,



David H. Coburn
Attorney for Coach USA, Inc.

DHC:dj
Enclosure

cc: All parties of record

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EXPEDITED ACTION REQUESTED

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. MC-F-20995

**PETER PAN BUS LINES TRUST --
PURCHASE AND ACQUISITION OF CONTROL --
ARROW LINE ACQUISITION, LLC, et al.**

REPLY OF COACH USA, INC.

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Attorney for Coach USA, Inc.

February 21, 2003



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Coach USA, Inc. ("Coach USA"), the seller of the five motor carriers proposed to be acquired by applicant Peter Pan Bus Lines Trust in this proceeding, hereby submits this response to the February 10, 2003 Comment and Opposition of Entertainment Tours, Inc. ("Entertainment"). Coach USA urges the Board to promptly provide final approval to the transaction that it tentatively approved by its decision served December 27, 2002.

I. Entertainment's Self-Interested Opposition Offers No Basis for Denying Approval of the Transaction

It is clear from its Comment and Opposition that Entertainment, the sole party to oppose the transaction, has done so for reasons that are not legitimately related to the transaction, but instead related to some business concerns it may have relative to Peter Pan. Entertainment's Comment is thus primarily composed of an attack on certain alleged practices of Peter Pan that

are unrelated to the transaction at hand. Entertainment's claims about counter space at terminals, pooling agreements, and pricing are simply irrelevant to this proceeding. All that is at stake here is whether Peter Pan should be allowed to control five New England-based carriers that are already under the common control of Coach USA. Entertainment has shown no reason why such a transaction should not be permitted.

Entertainment claims that the adequacy of service to the public may suffer because Peter Pan competes with one of the carriers proposed to be acquired, Bonanza Bus Lines, on Boston-New York City service. It claims that overall competition will therefore be reduced. In fact, as Peter Pan explained in its February 14, 2003 reply to Entertainment, Peter Pan and Bonanza traverse very different routings between Boston and New York City. Peter Pan serves a more direct routing via Hartford, while Bonanza serves a longer, shore routing via Providence. Further, Bonanza does not offer non-stop or even single-bus Boston-New York City service, whereas Peter Pan offers faster and more desirable non-stop, single-bus service between the Greater Boston area and New York City. Bonanza's New York City service is non-stop only between New York City and Providence, making it less attractive to many Boston-New York City passengers who prefer more direct routings that do not require a change of buses.

Additionally, Bonanza and Peter Pan compete on the Boston-New York city pair not only with other bus carriers, but also with Amtrak and of course private automobiles. Moreover, there is no competition at all between Peter Pan and any of the five companies being acquired on the vast majority of the routings served by those five companies.

Entertainment's concerns about reduced competition must be taken with a very large grain of salt, coming, as they are, from a competitor for New York City/Boston traffic. One might logically expect that Entertainment would favor fewer competitors, not more. But in any

event, Entertainment is itself "Exhibit No. 1" in support of the proposition that Peter Pan and the Coach USA companies operate in a highly competitive environment in which new bus carrier entrants can and do succeed. Entertainment in fact acknowledges that its service has been very successful and that it intends to expand to other routes. This is hardly a basis on which the Board should find any fault with the Peter Pan/Coach USA transaction.

In short, the Board should see the Entertainment filing for what it is -- a baseless effort by a successful new competitor to delay the transaction at issue in this case for its own business or other reasons. Entertainment should not be allowed to succeed in that misuse of the Board's processes.

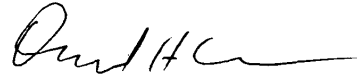
II. The Board Should Act Expeditiously to Approve the Transaction

There are many real-world business considerations that warrant that the parties be allowed to promptly proceed with the transaction at issue in this case. Peter Pan and Coach USA accordingly sought expedited action in this proceeding because this is an important transaction, Peter Pan wants to expeditiously assume control of the carriers at issue, Coach USA wants to see the benefit of its bargain as quickly as possible and all parties wish to minimize the length of the period between entering the business arrangement and consummation. In the latter regard, business planning for each of the involved carriers and non-carrier parties is effectively frozen pending final Board action and consummation of the transaction. The Board obliged the request the parties made for expedited action by publishing notice of the transaction within 15 days of the date the application was filed, rather than the usual 30 days.

The Board should not now reward Entertainment's strategy of filing a baseless comment in order to delay the ability of Coach USA and Peter Pan to achieve the benefits of their bargain. It should thus find that Entertainment has not raised any issue warranting disapproval,

and promptly affirm its December 27 determination that this transaction serves the public interest.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David H. Coburn", with a long horizontal flourish extending to the right.

David H. Coburn
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Attorney for Coach USA, Inc.

February 21, 2003

CERTIFICATE OF SERVICE

I certify that I have this 21st day of February 2003 served a copy of the foregoing Reply
of Coach USA, Inc. by hand delivery on:

Director of Operations
Antitrust Division
U.S. Department of Justice
601 D Street, N.W., Room 1013
Washington, D.C.

Premerger Notification
Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

and by first class mail, postage prepaid on:

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Chief, Lic. & Ins. Division
U.S. Department of Transportation
Office of Motor Carriers-HIA 30
400 Virginia Avenue, S.W., Suite 600
Washington, D.C. 20004

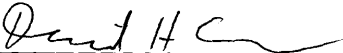
Federal Motor Carrier Safety Administration
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