

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK



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Eugene "Gene" Moore Fee: \$326.50
Cook County Recorder of Deeds
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In re:	:	
	:	
LIDLAW USA, INC.,	:	
LIDLAW INC.,	:	Jointly Administered
LIDLAW INVESTMENTS LTD.,	:	Case Nos. 01-14099 K
LIDLAW INTERNATIONAL FINANCE	:	through 01-14104 K
CORPORATION,	:	
LIDLAW TRANSPORTATION, INC. and	:	Chapter 11
LIDLAW ONE, INC.,	:	
	:	
Debtors.	:	

**ORDER CONFIRMING THIRD
AMENDED JOINT PLAN OF REORGANIZATION
OF LIDLAW USA, INC. AND ITS DEBTOR AFFILIATES**

The above-captioned debtors (collectively, the "Debtors") having proposed the Third Amended Joint Plan of Reorganization of Laidlaw USA, Inc. and Its Debtor Affiliates dated January 23, 2003 (the "January 23, 2003 Plan," a true and correct copy of which is annexed hereto as Appendix I), as modified by certain modifications filed with the Court as set forth in Appendix II hereto (the "Modifications") (the January 23, 2003 Plan, as modified by the Modifications, being hereinafter referred to as the "Plan")¹ and the Court having conducted a hearing to consider confirmation of the Plan on February 27, 2003 (the "Hearing") and the Court having considered (i) the testimony, affidavits, and exhibits admitted into evidence at the Hearing, (ii) the arguments of counsel presented at the Hearing, (iii) the objections filed with respect to confirmation of the Plan and the responses filed thereto, and (iv) the pleadings filed in support of confirmation; and the Court being familiar with the Plan and other relevant factors

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

Stephanie L. Sparanza
Jones Day
77 W. Wacker
Chicago, IL 60601 935

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affecting these jointly administered cases (the "Reorganization Cases") pending under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and the Court having taken judicial notice of the entire record of the Reorganization Cases, including, without limitation, all pleadings and papers filed by the Debtors in the Reorganization Cases, (i) the order entered by the Court on August 7, 2001 establishing October 16, 2001 as the last day for filing proofs of Claim against a Debtor (the "Bar Date Order"), and (ii) the order (the "Disclosure Statement Order") entered by the Court on January 23, 2003 (a) approving the Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Third Amended Joint Plan of Reorganization of Laidlaw USA, Inc. and Its Debtor Affiliates dated January 23, 2003 (the "Disclosure Statement"), (b) approving the forms of ballots and solicitation and tabulation procedures, and (c) scheduling the Hearing; and the Court having found that due and proper notice has been given with respect to the Hearing and the deadlines and procedures for objections to the Plan; and the appearance of all interested parties having been duly noted in the record of the Hearing; and upon the record of the Hearing, and after due deliberation thereon, and sufficient cause appearing therefor;

IT IS HEREBY FOUND AND CONCLUDED,² as follows:

JURISDICTION AND VENUE

A. The Court has jurisdiction to conduct the Hearing and to confirm the Plan pursuant to 28 U.S.C. § 1334.

B. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b), and this Court has jurisdiction to enter a final order with respect thereto.

²

The Findings of Fact and Conclusions of Law contained herein constitute the findings of fact and conclusions of law required to be entered by this Court pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Rules 7052 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). To the extent any finding of fact constitutes a conclusion of law, it is adopted as such. To the extent any conclusion of law constitutes a finding of fact, it is adopted as such.

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C. The Debtors are proper debtors under section 109 of the Bankruptcy Code and the Debtors are proper proponents of the Plan under section 1121(a) of the Bankruptcy Code.

D. Each of the conditions precedent to the entry of this Order has been satisfied or properly waived in accordance with Section IX.A of the Plan.

JUDICIAL NOTICE

E. This Court takes judicial notice of the docket of the Reorganization Cases maintained by the Clerk of the Court and/or its duly-appointed agent, including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and argument made, proffered or adduced at, the hearings held before the Court during the pendency of the Reorganization Cases.

MODIFICATIONS OF THE PLAN

F. The Modifications do not materially or adversely affect or change the treatment of any Claim against or Interest in any Debtor. Pursuant to section 1127(b) of the Bankruptcy Code and Bankruptcy Rule 3019, the Modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or the resolicitation of acceptances or rejections of the Plan under section 1126 of the Bankruptcy Code, nor do they require that holders of Claims against or Interests in the Debtors be afforded an opportunity to change previously cast acceptances or rejections of the Plan as filed with the Bankruptcy Court. Disclosure of the Plan Modifications on the record at the Confirmation Hearing constitutes due and sufficient notice thereof under the circumstances of the Reorganization Cases. Accordingly, the Plan (as modified) is properly before the Court and all votes cast with respect to the Plan prior to the Modifications shall be binding and shall be deemed to be cast with respect to the Plan as modified.

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STANDARDS FOR CONFIRMATION UNDER SECTION 1129 OF THE BANKRUPTCY CODE

G. Section 1129(a)(1). The Plan complies with each applicable provision of the Bankruptcy Code. In particular, the Plan complies with the requirements of sections 1122 and 1123 as follows:

- In accordance with section 1122(a) of the Bankruptcy Code, Article II of the Plan classifies each Claim against and Interest in the Debtors into a class containing only substantially similar Claims or Interests;
- In accordance with section 1123(a)(1) of the Bankruptcy Code, Article II of the Plan properly classifies all Claims and Interests that require classification;
- In accordance with section 1123(a)(2) of the Bankruptcy Code, Article II of the Plan properly identifies and describes each class of Claims that is unimpaired by the Plan;
- In accordance with section 1123(a)(3) of the Bankruptcy Code, Article III of the Plan properly identifies and describes the treatment of each impaired class of Claims or Interests;
- In accordance with section 1123(a)(4) of the Bankruptcy Code, the Plan provides the same treatment for each Claim or Interest in a particular class unless the holder of such a Claim or Interest agrees to less favorable treatment;
- In accordance with section 1123(a)(5) of the Bankruptcy Code, the Plan provides adequate means for its implementation;
- In accordance with section 1123(a)(6) of the Bankruptcy Code, the Reorganized Debtors' charters, bylaws, or similar constituent documents contain provisions prohibiting the issuance of non-voting equity securities and provide for the appropriate distribution of voting power among all classes of equity securities authorized for issuance; and
- In accordance with section 1123(a)(7) of the Bankruptcy Code, the provisions of the Plan and the Reorganized Debtors' charters, bylaws, or similar constituent documents regarding the manner of selection of officers and directors of the Reorganized Debtors are consistent with the interests of creditors and equity security holders and with public policy.

H. Section 1129(a)(2). The Debtors have complied with all applicable provisions of the Bankruptcy Code. In particular, the Plan complies with the requirements of sections 1125 and 1126 as follows:

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- On or before January 30, 2003, the Debtors, through their solicitation, and balloting agent, Logan & Company, Inc. ("Logan") caused copies of (a) the Confirmation Hearing Notice; (b) the Disclosure Statement (together with the exhibits thereto, including the Plan, that had been filed with the Court before date of the mailing); (c) the Debtors' and the Creditors' Committee's solicitation letters; and (d) with respect to holders of Claims in Classes that were entitled to vote to accept or reject the Plan (*i.e.*, Allowed Claims in Classes 4, 5A, 5B, and 6) an appropriate form of Ballot and return envelope (collectively, the materials described in clause (a) - (d), the "Solicitation Packages") to be transmitted to (i) all Persons or entities that had filed proofs of claim on or before the Record Date; (ii) all Persons or entities listed in the Debtors' Schedules as holding liquidated, noncontingent, undisputed claims as of the Record Date; (iii) all other known holders of Claims against or Interests in the Debtors, if any, as of the Record Date; (iv) all parties in interest that had filed requests for notice in accordance with Bankruptcy Rule 2002 in the Debtors' Reorganization Cases on or before the Record Date; and (v) the U.S. Trustee;
- On or before January 31, 2003, the Debtors, through Logan, caused a copy of the Confirmation Notice to be published in the national editions of the *Wall Street Journal*, *The New York Times*, *National Post* and *The Globe and Mail* and a French version thereof in *La Presse* in the Province of Quebec, in accordance with the Disclosure Statement Order;
- The Confirmation Hearing Notice provided due and proper notice of the Hearing and all relevant dates, deadlines, procedures, and other information relating to the Plan and/or the solicitation of votes thereon, including, without limitation, the Voting Deadline, the Objection Deadline, the time, date and place of the Hearing;
- All Persons entitled to receive notice of the Disclosure Statement, the Plan, and the Hearing have received proper, timely, and adequate notice in accordance with the Disclosure Statement Order, applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and have had an opportunity to appear and be heard with respect thereto;
- Votes with respect to the Plan were solicited in good faith and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Order, including without limitation, the inclusion of letters from the Debtors and the Committee recommending acceptance of the Plan in the Solicitation Packages. New LINC, the Debtors, the Reorganized Debtors, and their respective directors, officers, employees and professionals, acting in such capacity; CIBC, the Lenders, the Bridge Lenders, the Prior Lenders, the Program Manager, the Swap Counterparties (the foregoing collectively the "Lender Parties"); the Prepetition Noteholders, the 1995 Noteholders and the Indenture Trustees, and all of their respective directors, officers, employees and professionals, acting in such capacity; the Creditors' Committee and the Subcommittees, their respective members, and each of their respective directors, officers, employees, agents, members and professionals, acting in such capacity; and Ernst & Young Inc. (in its capacity as Monitor and Information Officer in the CCAA Cases) and its directors, officers, employees and professionals, as applicable, have acted in "good faith," within the meaning of section 1125(e) of the Bankruptcy Code;

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- The Plan was voted on by all classes of impaired Claims that were entitled to vote pursuant to the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Order;
- Logan has made a final determination of the validity of, and tabulation with respect to, all acceptances and rejections of the Plan by holders of Claims entitled to vote on the Plan, including the amount and number of accepting and rejecting Claims in classes 4, 5A, 5B, and 6 under the Plan;
- Each of Classes 4, 5A, 5B, and 6 have accepted the Plan by at least two-thirds in amount and a majority in number of the Claims in such Classes actually voting; and
- The determination of Logan with respect to the voting on the Plan validly and correctly sets forth the tabulation of votes, as required by the Bankruptcy Code, Bankruptcy Rules, and the Disclosure Statement Order.

I. Section 1129(a)(3). The Plan has been proposed in good faith and not by any means forbidden by law. In so finding, the Court has considered the totality of the circumstances in these Reorganization Cases. The Plan is the result of extensive arm's length negotiations and reflects substantial input from the principal constituencies having an interest in the Debtors' Reorganization Cases and, as evidenced by the overwhelming acceptance of the Plan, achieves the goal of consensual reorganization embodied by the Bankruptcy Code.

J. Section 1129(a)(4). No payment for services or costs in connection with the Reorganization Cases or the Plan has been made by a Debtor other than payments that have been authorized by order of the Court. Further, pursuant to Section III.A.1.f.ii of the Plan, all such payments to be made will be subject to review and approval by this Court, provided, however that, pursuant to Section IV.F.5, as settlement of the Guaranty Coverage Dispute and as previously authorized by this Court in its Order dated September 28, 2001 Authorizing: (A) The Amendment of a Trust Agreement and Certain Payments Under Director and Officer Claim Treatment Letter Pursuant to Section 363 of the Bankruptcy Code; and (B) Payment of Subcommittees' Expenses Pursuant to Sections 363 and 105 of the Bankruptcy Code, any professionals retained by the Subcommittees will be entitled to payment in cash of reasonable

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fees and expenses as Administrative Claims without the necessity of filing formal fee applications. In addition, pursuant to Section IV.F.5 of the Plan, on the Effective Date, the Debtors shall pay in cash in full all reasonable outstanding fees and expenses of the Administrative Agent arising prior to the Petition Date and through the Effective Date and due and payable in accordance with the terms of the Prepetition Credit Facility.

K. Section 1129(a)(5). The Debtors have disclosed the identity and nature of compensation of all insiders to be employed or retained by the Reorganized Debtors, as well as the identities and affiliations of each person that is proposed to serve as an officer or director of the Reorganized Debtors. Such disclosure by the Debtors is due and proper and the appointment or continuation in office of the identified Persons is consistent with the interests of creditors, equity security holders, and with public policy.

L. Section 1129(a)(6). The Plan does not provide for any changes in rates that require regulatory approval of any governmental agency.

M. Section 1129(a)(7). Each holder of an impaired Claim or Interest that has not accepted the Plan will, on account of such Claim or Interest, receive or retain property under the Plan having a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

N. Section 1129(a)(8). The Plan has not been accepted by all impaired classes of Claims and Interests. Nevertheless, as more fully explained below, the Plan is confirmable because it satisfies 1129(b)(1) of the Bankruptcy Code with respect to such non-accepting classes of Claims and Interests.

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- O. Section 1129(a)(9). The Plan provides treatment for Administrative Claims, Priority Tax Claims, and Priority Claims that is consistent with the requirements of section 1129(a)(9) of the Bankruptcy Code.
- P. Section 1129(a)(10). The Plan has been accepted by all classes of impaired Claims that are entitled to vote on the Plan, entitled to vote thereon, including Classes 4, 5A, 5B, and 6, determined without including any acceptance of the Plan by any insider.
- Q. Section 1129(a)(11). Confirmation of the Plan is not likely to be followed by the liquidation or the need for the further financial reorganization of the Debtors.
- R. Section 1129(a)(12). The Plan provides for the payment of all fees payable under section 1930, title 28, United States Code by the Debtors on the Effective Date (or as soon as practicable thereafter). After the Effective Date and until these Reorganization Cases are closed, converted, or dismissed, the Plan provides for the payment of all such fees as they become due and payable.
- S. Section 1129(a)(13). Pursuant to Section IV H 2 of the Plan, from and after the Effective Date, the Reorganized Debtors will be obligated to pay retiree benefits (as defined in section 1114(a) of the Bankruptcy Code), if any, in accordance with the terms of the retiree benefit plans or other agreements governing the payment of such benefits, subject to any rights to amend, modify, or terminate such benefits under the terms of the applicable retiree benefits plan, other agreement, or applicable non-bankruptcy law.
- T. Section 1129(b). The Plan does not “discriminate unfairly” because each dissenting class is treated substantially equally to similarly situated classes and no holder of a Claim or Interest will receive more than it is legally entitled to receive on account of its Claim or

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Interest. The Plan is "fair and equitable" because it does not provide a recovery to any holder of a Claim or Interest that is junior to the classes of Claims that are not being paid in full (*i.e.*, Unsecured Claims in classes 4, 5A, 5B, and 6).

U. Section 1129(c). The Plan (including previous versions thereof) is the only plan that has been filed in the Reorganization Cases that has been found to satisfy the requirements of subsections (a) and (b) of section 1129 of the Bankruptcy Code. Accordingly, the requirements of section 1129(c) of the Bankruptcy Code have been satisfied.

V. Section 1129(d). No party in interest, including but not limited to any governmental unit, has requested that the Court deny confirmation of the Plan on grounds that the principal purpose of the Plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933, and the principal purpose of the Plan is not such avoidance. Accordingly, the Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code.

EXECUTORY CONTRACTS

W. Pursuant to sections 365 and 1123(b)(2) of the Bankruptcy Code, upon the occurrence of the Effective Date, Article V of the Plan provides the assumption, assumption and assignment, or rejection of certain executory contracts and unexpired leases. The Debtors' determinations regarding the assumption and rejection of executory contracts and unexpired leases are based on and within the sound business judgment of the Debtors, are necessary to the implementation of the Plan, and are in the best interests of the Debtors, their estates, holders of Claims, and other parties in interest in these Reorganization Cases.

SETTLEMENTS AND RELEASES

X. Pursuant to sections 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019(a), and in consideration of the classification, distributions, and other benefits provided

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under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all the Claims and controversies resolved pursuant to the Plan, including but not limited to the Guaranty Coverage Dispute Settlement, the PBGC Agreement, and the treatment of the 1995 Noteholder Claims set forth in Section III.C.3 of the Plan (the "1995 Noteholder Claims Settlement," and collectively with the foregoing settlements and all compromises and settlements embodied in the Plan, the "Settlements"). Based upon the representations and arguments of counsel to the Debtors, the Committee, and all other testimony either actually given or proffered and other evidence introduced at the Hearing and the full record of these Reorganization Cases, the findings and conclusions of which are hereby incorporated by reference as if fully set forth herein, the Court finds that the Settlements:

- reflect a reasonable balance between certainty and the risks and expenses of both future litigation and the continuation or conversion of these Reorganization Cases;
- fall well within the range of reasonableness for the resolution of complex litigation;
- are fair and equitable and in the best interest of the Debtors, their Estates, creditors and other parties in interest;
- are essential to any successful reorganization of the Debtors.

Y. The releases and injunction set forth in Section IV.G of the Plan (the "Plan Releases"), including but not limited to the releases of non-debtor parties pursuant to: (i) the general releases by holders of Claims or Interests in Section IV.G.1 of the Plan, (ii) the general release by the Debtors in Section IV.G.2 of the Plan, (iii) the general release by the Lender Parties in Section IV.G.3 of the Plan, (iv) the general release by the Prepetition Noteholders and the 1995 Noteholders in Section IV.G.4 of the Plan, (v) the releases of the Debtors' current and former directors, officers or employees in Section IV.G.5 of the Plan and (vi) the injunctions related to the releases in Section IV.G.6 of the Plan are, individually and collectively, integral to

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the settlements that form the basis of the Plan, necessary for the reorganization of the Debtors, and supported by reasonable consideration.

Z. The Debtors, the Lender Parties, the Prepetition Noteholders, the 1995 Noteholders and all creditors who voted to accept the Plan or returned signed unmarked ballots have consented or are deemed to have consented to the Plan Releases.

AA. The Plan Releases are fair to the releasing party.

ACCORDINGLY, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, as follows:

A. Confirmation of Plan

1. The record of the Hearing is hereby closed.
2. The Plan and each of its provisions (whether or not specifically approved herein) are confirmed in each and every respect, pursuant to section 1129 of the Bankruptcy Code; *provided, however*, that if there is any direct conflict between the terms of the Plan and the terms of this Order, the terms of this Order shall control.
3. Any objections or responses to confirmation of the Plan and reservation of rights contained therein that have not been withdrawn, waived, or settled prior to the entry of this Order are hereby overruled in their entirety and on their merits, and all withdrawn objections or responses are hereby deemed withdrawn with prejudice.

B. Approval of Settlements

4. Pursuant to Bankruptcy Rule 9019, the Settlements are approved in all respects. As to the PBGC Agreement, which is attached as Appendix VI hereto and incorporated herein by reference, LINC and certain of its affiliates will execute the PBGC Agreement and all of its supporting documents on or before the Effective Date.

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C. Approval of Releases

5. The Plan Releases as set forth in Section IV.G of the Plan are approved in all respects, are incorporated herein in their entirety, are so ordered and shall be immediately effective on the Effective Date of the Plan without further order or action on the part of the Bankruptcy Court, any of the parties to such releases or any other party.

D. Order Binding on All Parties

6. Subject to the provisions of Section IX.B of the Plan, and notwithstanding any otherwise applicable law, immediately upon the entry of this Order, the terms of the Plan and this Order are deemed binding upon the Debtors, the Reorganized Debtors, any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are impaired under the Plan or whether the holders of such Claims or Interests accepted, rejected or are deemed to have accepted or rejected the Plan), any and all non-detor parties to Executory Contracts and Unexpired Leases with any of the Debtors and any and all entities who are parties to or are subject to the settlements, compromises, releases, waivers, discharges and injunctions described herein and the respective heirs, executors, administrators, trustees, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries, guardians, successors or assigns, if any, of any of the foregoing.

E. Discharge of Claims and Termination of Interests

7. Except as provided in the Plan or in this Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or in this Order, Confirmation shall, as of the Effective Date and immediately after cancellation of the LINC Old Common Stock Interests and the Old Preferred

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Stock of LINC: (i) discharge the Debtors from all Claims or other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (A) a proof of Claim based on such debt is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (B) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (C) the holder of a Claim based on such debt has accepted the Plan; and (ii) terminate all Interests and other rights of equity security holders in the Debtors.

8. In accordance with the foregoing, except as provided in the Plan or in this Order, this Order constitutes a judicial determination, as of the Effective Date and immediately after the cancellation of the LINC Old Common Stock Interests and the Old Preferred Stock of LINC and the distribution of the New Common Stock, Cash and Excess Cash, of a discharge of all Claims and other debts and liabilities against the Debtors and termination of all Interests and other rights of equity security holders in the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against a Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

9. Pursuant to Section IV.J of the Plan, except as provided in any contract, instrument or other agreement or document created, entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article III of the Plan, the Prepetition Indentures, the Prepetition Notes, the 1995 Indenture, the 1995 Notes and all promissory notes or other similar instruments, if any, issued pursuant to the Prepetition Credit Facility will be canceled and of no further force and effect, without any further action on the part of New LINC, any Debtor or Reorganized Debtor. Pursuant to the CCAA Order, the Old Common Stock of LINC and the Old Preferred Stock of LINC shall be

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deemed cancelled and of no further force and effect on the Effective Date. The holders of, or parties to, such cancelled instruments, securities and other documentation will have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided under the Plan; provided, however, that no distribution under the Plan will be made to, or on behalf of, any holder of any holder of an Allowed Claim evidenced by such cancelled instruments or securities unless and until such instruments or securities are received by the applicable Disbursing Agent to the extent required in Section VI.J of the Plan.

10. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article III of the Plan, all mortgages, deeds of trust, liens or other security interests against the property of any Estate are fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, shall revert to New LINC or the applicable Reorganized Debtor and its successors and assigns. As of the Effective Date, the Reorganized Debtors shall be authorized to file on behalf of creditors UCC-3s or other forms as may be necessary to implement this Order and Section IV.L of the Plan.

11. All entities holding Claims against or Interests in the Debtors that are treated under the Plan are hereby directed to execute, deliver, file, or record any document, and to take any action necessary to implement, consummate, and otherwise effect the Plan in accordance with its terms, and all such entities shall be bound by the terms and provisions of all documents executed and delivered by them in connection with the Plan.

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F. Termination of Subordination Rights

12. The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contractual subordination, section 510(b) of the Bankruptcy Code, section 510(c) of the Bankruptcy Code or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. All subordination rights that a holder of a Claim may have with respect to any distribution to be made pursuant to the Plan are discharged and terminated, and all actions related to the enforcement of such subordination rights are permanently enjoined. Accordingly, distributions pursuant to the Plan to holders of Allowed Claims or Allowed Interests shall not be subject to payment to a beneficiary of such terminated subordination rights or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights.

13. Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the subordination rights that a holder of a Claim may have with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. The entry of this Order constitutes the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of New LINC, the Debtors, the Reorganized Debtors and their respective property and Claim and Interest holders and is fair, equitable and reasonable.

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G. Injunctions

14. Except as provided in the Plan or this Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights:

(a) commencing or continuing in any manner any action or other proceeding against New LINC, the Debtors, the Reorganized Debtors or their respective property, other than to enforce any right pursuant to the Plan to a distribution; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against New LINC, the Debtors, the Reorganized Debtors or their respective property, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any lien or encumbrance against New LINC, the Debtors, the Reorganized Debtors or their respective property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to New LINC, the Debtors or the Reorganized Debtors; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

15. As of the Effective Date, all entities that have held, currently hold or may hold any claims (as such term is defined in section 101(5) of the Bankruptcy Code, including Derivative Claims), obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that are exculpated, released, waived or discharged pursuant to the Plan, including pursuant to Section IV.G of the Plan or this Order, are permanently enjoined from taking any of the following actions against any released person or entity or its property on account of such exculpated or released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (a) commencing or continuing in any manner or

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otherwise prosecuting any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan or this Order.

16. Without limiting the scope, extent, validity or enforceability of the injunctive relief set forth in this Plan or in this Order, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in the Plan and in this Order.

H. Continued Existence as Reorganized Debtors

17. Except as otherwise provided in the Plan (and subject to the provisions regarding the Restructuring Transactions contained in Section IV.B of the Plan), each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation (or such other corporate form) under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. Except as otherwise provided in the Plan, as of the Effective Date, all property of the respective Estates of the Debtors, and any property acquired by a Debtor or Reorganized Debtor under the Plan, shall vest in the applicable Reorganized Debtor, free and clear of all Claims, liens, charges, other encumbrances and Interests. On and after the Effective Date, each Reorganized Debtor is authorized to (a) operate its businesses; (b) use, acquire and dispose of property; and (c) compromise or settle any Claims or Interests, in each case without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than those restrictions

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expressly imposed by the Plan or this Order. Without limiting the foregoing, each Reorganized Debtor is authorized to pay the charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

I. Directors and Officers of Reorganized Debtors

18. The appointment of the initial directors and officers of New LINC and each of the Reorganized Debtors, as set forth in Exhibit XVII to the Plan, as of and immediately following the Effective Date is approved.

19. Pursuant to section 1142(b) of the Bankruptcy Code and the Reorganization Effectuation Statutes, without further action by the Bankruptcy Court or the directors or stockholders of New LINC or any Reorganized Debtor and without limiting the power or authority of New LINC or the Reorganized Debtors following the Effective Date to take any and all such actions as may be permitted or required by applicable non-bankruptcy law, New LINC and the Reorganized Debtors are authorized, as determined by their respective board of directors, as of the Effective Date, to: (i) maintain, amend or revise existing employment, retirement, welfare, incentive, severance, indemnification and other agreements with their active directors, officers and employees, subject to the terms and conditions of any such agreement; (ii) enter into new employment, retirement, welfare, incentive, severance, indemnification and other plans or agreements for active and retired employees; and (iii) make the initial grants under the Equity Incentive Plan.

J. Restructuring Transactions

20. On or after the Confirmation Date, pursuant to appropriate provisions of applicable state business corporation laws and sections 1123(a) and 1142(b) of the Bankruptcy Code, New LINC, the Debtors and the Reorganized Debtors are authorized to enter into such

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Restructuring Transactions and take any and all such actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or simplify the overall corporate structure of the Laidlaw Companies and make all filings and recordings in connection therewith, all as contemplated by, among others, Sections IV.B and IV.C.1 of the Plan, and in accordance with applicable terms of the Plan, the Exhibits thereto and this Order, including the Restructuring Transactions identified on Exhibit X to the Plan.

21. The Restructuring Transactions may include one or more sales, mergers, consolidations, restructurings, continuances, domestications, dispositions, liquidations, or dissolutions as may be determined by New LINC, the Debtors, or Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting or acquiring corporation shall perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations. In addition, the documents implementing any Restructuring Transaction shall clearly grant to creditors of such Debtor or Reorganized Debtor status as third party beneficiaries to enforce rights granted in the Plan against the surviving, resulting or acquiring corporation or entity.

22. The Restructuring Transactions (including those identified on Exhibit X to the Plan); the adoption of new or amended and restated certificates of incorporation and bylaws

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(or comparable constituent documents) for New LINC and each Reorganized Debtor (including as set forth in Exhibits XIII through XVI to the Plan); the initial selection of directors and officers for New LINC and each Reorganized Debtor (including as set forth in Exhibit XVII to the Plan); the entry into the Exit Financing Facility, the Guaranty Coverage Dispute Settlement Agreement, the Directors and Officers Claims Treatment Letter, the PBGC Settlement Agreement, the settlement with the holders of the 1995 Noteholder Claims; the issuance and sale of the New LINC Notes; the issuance and distribution of the New Common Stock pursuant to the Plan; the adoption, execution, delivery and implementation of employment, change in control, retirement and indemnification agreements, incentive compensation programs, retirement income programs, welfare benefit plans, and other employee plans and related agreements, including the Equity Incentive Plan described in Exhibit V to the Plan; and the other matters provided for under the Plan involving the corporate structure of New LINC, any Debtor or Reorganized Debtor or corporate action to be taken by or required of New LINC, any Debtor or Reorganized Debtor shall occur and be effective as of the date specified in the documents (which shall include for this purpose Exhibit X to the Plan) effectuating the applicable Restructuring Transactions or other transactions or the Effective Date, if no such other date is specified in such other documents, shall be subject to such terms and conditions set forth in the documents (which shall include for this purpose Exhibit X to the Plan) effectuating the applicable Restructuring Transactions and are ordered, authorized and approved in all respects and for all purposes without any requirement of further action by the Bankruptcy Court or stockholders, managers or board of directors of New LINC or any of the Debtors or the Reorganized Debtors.

23. Pursuant to section 1142 of the Bankruptcy Code, section 303 of the Delaware General Corporation Law and any comparable provision of the business corporation

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laws of any other state (collectively, the "Reorganization Effectuation Statutes"), without further action by the Bankruptcy Court or the stockholders, members, managers or board of directors of New LINC, any Debtor or Reorganized Debtor, New LINC, the Debtors and the Reorganized Debtors are authorized to: (a) cause to be filed with the Secretary of State of the State of Delaware or any other applicable state or local official any and all certificates, agreements or plans of merger, consolidation, dissolution, liquidation, continuance, domestication or amendment thereof, as applicable (collectively, the "Governance Documents"); and (b) take or cause to be taken all such other actions, including the making of appropriate filings or recordings as may be required under appropriate provisions of applicable state business or any other applicable law, or as any of the President and Chief Executive Officer, the Chief Financial Officer or any Vice President (collectively, the "Responsible Officers") of New LINC or the appropriate Debtor or Reorganized Debtor may determine are necessary or appropriate in connection with the provisions of the Plan and the Governance Documents. Each federal, state and local governmental agency or department is authorized and directed to accept the filing of any Governance Document or other document related to the implementation of the Plan.

Without limiting the generality or effect of the foregoing, this Order is declared and determined to be in recordable form and shall be accepted by any filing or recording officer or authority of any applicable governmental authority or department without any further orders, certificates or other supporting documents. After the Effective Date or the effective time of any applicable Restructuring Transaction, New LINC and each of the Reorganized Debtors are authorized to amend or restate their respective certificates of incorporation or by-laws or similar constituent documents as permitted by applicable state law, subject to the terms and conditions of such constituent documents.

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24. The Responsible Officers of New LINC, the Debtors or the Reorganized Debtor are authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents, including any Governance Documents or other documents related to the implementation of the Plan, and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan, including those contemplated by this Order. The Secretary or Assistant Secretary of New LINC, any Debtor or Reorganized Debtor is authorized to certify or attest to any of the foregoing actions. The execution of any such document or the taking of any such action is deemed conclusive evidence of the authority of such person so to act.

K. Exit Financing and New LINC Notes

25. Pursuant to section 1142(b) of the Bankruptcy Code and the Reorganization Effectuation Statutes and without further action by the Bankruptcy Court or the stockholders or board of directors of New LINC or any of the Debtors or Reorganized Debtors, New LINC, the Debtors and the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Financing Facility and to effectuate the issuance of the New LINC Notes and to take all such other actions and execute, deliver, record and file all such other agreements, instruments, financing statements, releases, applications, registration statements, reports and other documents, and any changes, additions and modifications thereto, as any of their Responsible Officers may determine are necessary or appropriate in connection with the consummation of the transactions contemplated by the Exit Financing Facility and the issuance of the New LINC Notes, including such documents and actions required by any lending institutions that are parties to the Exit Financing Facility or any initial purchasers of the New LINC Notes, and also including the making of such filings, or the

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recording of any security interests, as may be required by the Exit Financing Facility or the New LINC Notes.

26. Without limiting the foregoing, the initial draw mechanics of the Exit Financing Facility and the issuance of the New LINC Notes may consist of the following:

(a) On the closing date of the Exit Financing Facility and the issuance of the New LINC Notes (each a "Closing Date"), which is expected to occur two business days before the Effective Date of the Plan, Laidlaw Investments will (A) borrow the entire aggregate amount of Term B facility under the Exit Financing Facility and a portion of the revolving facility under the Exit Financing Facility (such borrowings hereinafter called the "Initial Draw") and (B) issue the New LINC Notes as contemplated by the Plan (the proceeds to Laidlaw Investments of such issuance, less discounts to the initial purchasers of the New LINC Notes and estimated offering expenses, the "New LINC Notes Proceeds").

(b) The Initial Draw borrowed by Laidlaw Investments and the New LINC Notes Proceeds will be paid by the lenders under the Exit Financing Facility and the initial purchasers of the New LINC Notes, respectively, into one or more trust or escrow accounts established for the benefit of the lenders under the Exit Financing Facility and the holders of the New LINC Notes, as the case may be (each, an "Escrow Account" and, collectively, the "Escrow Accounts"). The Initial Draw borrowed by Laidlaw Investments and the New LINC Notes Proceeds will be applied by Laidlaw Investments, at the time of the Initial Draw and the issuance of the New LINC Notes, on behalf of LINC in consideration for part of the shares of Laidlaw Investments' common stock held by LINC.

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(c) The Escrow Accounts will be maintained at the Exit Financing Facility Agent Bank or another bank or trust company acceptable to the Exit Financing Facility Bank or the initial purchasers of the New LINC Notes, as appropriate, and will be governed by separate trust or escrow agreements for the Exit Financing Facility and the New LINC Notes to be negotiated by the applicable parties (each, an "Escrow Agreement" and, collectively, the "Escrow Agreements"). The terms of the Escrow Agreements will provide for (i) the proceeds of the Initial Draw and the New LINC Notes Proceeds, as the case may be, together with any additional amounts, including accrued interest on the New LINC Notes to the date of redemption as described below and such other amounts as may be required to repay the aggregate principal amount of the New LINC Notes in full, that may be deposited into the applicable Escrow Account in accordance with the applicable Escrow Agreement, to be released to LINC on the Effective Date for distribution to the Debtors' creditors in accordance with the Plan or (ii) the special mandatory redemption of the Initial Draw and the New LINC Notes, as the case may be, in accordance with the applicable documentation if the Effective Date does not occur by a date to be agreed. The Exit Financing Facility and the New LINC Notes, as the case may be, will be secured by a first priority security interest in the applicable Escrow Accounts for the benefit of the lenders under the Exit Financing Facility and the holders of the New LINC Notes, as the case may be, until released in accordance with the terms of the applicable Escrow Agreement, and no other party will have any rights to any amounts held in the Escrow Accounts except to the extent specifically provided in the applicable Escrow Agreement.

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(d) One business day prior to the Effective Date, Laidlaw Investments will be continued into a Delaware corporation, New LINC.

(e) On the Effective Date, LINC will distribute the remaining shares of New LINC, the proceeds of the Initial Draw and the New LINC Notes Proceeds to the Debtors' creditors as contemplated by the Plan.

27. Until the Initial Draw and the New LINC Notes Proceeds are distributed pursuant to the terms and conditions of the applicable Escrow Agreement on the Effective Date, the Initial Draw and the New LINC Notes Proceeds, including such other amounts described above, shall remain subject to the terms and conditions of the applicable Escrow Agreement. After this Order becomes a Final Order, the Escrow Agreements shall not be subject to challenge or modification on equitable or any other grounds, and such Escrow Agreements will be binding and enforceable in accordance with their respective terms.

L. New Tax Sharing Agreement

28. As of the Effective Date, pursuant to the State Reorganization Effectuation Statutes, as applicable, and other appropriate provisions of applicable state business corporation laws and section 1142(b) of the Bankruptcy Code, without further action by the Bankruptcy Court or the directors or stockholders of any Reorganized Debtor, each Reorganized Debtor is authorized and directed to execute, deliver and perform its obligations under the New Tax Sharing Agreement.

29. The New Tax Sharing Agreement, as in effect on the Effective Date, shall be substantially in the form thereof filed as an Exhibit to the Plan.

M. Exemption From Securities Laws

30. Pursuant to section 1125(e) of the Bankruptcy Code, the Debtors' transmittal of solicitation materials, their solicitation of acceptances of the Plan and their

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offering, issuance and distribution of the New Common Stock are not and shall not be governed by or subject to any otherwise applicable law, rule or regulation governing the solicitation of acceptance of a plan of reorganization or the offer, issuance, sale or purchase of securities.

31. Pursuant to section 1145(a)(1) of the Bankruptcy Code, the offering, issuance and distribution of the New Common Stock pursuant to the Plan in respect of Claims or Interests are, and shall be, exempt from section 5 of the Securities Act of 1933, as amended (the "Securities Act"), and any state or local law requiring registration for offer or sale of a security or registration or licensing of an issuer or underwriter of, or broker or dealer in, a security.

32. Pursuant to, and to the fullest extent permitted under, section 1145 of the Bankruptcy Code, the resale of any New Common Stock shall be exempt from section 5 of the Securities Act and any state or local law requiring registration prior to the offering, issuance, distribution or sale of securities.

N. Exemption From Taxation

33. Pursuant to section 1146(c) of the Bankruptcy Code, the following shall not be subject to any stamp tax or similar tax, charge or expense (collectively, "Transfer Taxes and Charges"): (1) the issuance, distribution, transfer or exchange of the New Common Stock, New LINC Notes and any other securities issuable pursuant to the Plan; (2) the creation, modification, assignment, consolidation, filing or recording of any mortgage, deed of trust, lien, security agreement, financing statement, release or similar instrument; (3) the securing of additional indebtedness by such means or by other means or the additional securing of existing indebtedness by such means or by other means; (4) the creation, modification, assignment, delivery, filing or recording of any lease or sublease; or (5) the creation, modification, assignment, delivery, filing or recording of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including the Exit Financing Facility, the New

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LINC Notes, the New Tax Sharing Agreement and any other agreements or certificates of merger, consolidation, dissolution or liquidation, deeds, bills of sale, assignments or other instruments of transfer executed in connection with the Plan, this Confirmation Order, the Restructuring Transactions or any transactions arising out of, contemplated by or in any way related to the foregoing, whether occurring on or after the Effective Date. The appropriate state or local governmental officials or agents are hereby directed to forego the collection of any Transfer Taxes and Charges and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such Transfer Taxes and Charges.

O. Executory Contracts and Unexpired Leases

34. Except as otherwise modified herein, the Executory Contract and Unexpired Lease provisions of Article V of the Plan are specifically approved.

35. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the applicable Debtor or Debtors shall assume, or assume and assign, as indicated, each of the Executory Contracts and Unexpired Leases listed on Exhibit XX to the Plan; provided, however, that the Debtors or Reorganized Debtors reserve the right, at any time through and including the Effective Date, to amend Exhibit XX to the Plan to: (i) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its rejection pursuant to Section V.C. of the Plan, or (ii) add any Executory Contract or Unexpired Lease thereto, thus providing for its assumption or assumption and assignment pursuant to Section V.A. of the Plan. The Debtors or the Reorganized Debtors shall provide notice of any amendments to Exhibit XX to the Plan to the parties to the Executory Contracts or Unexpired Leases affected thereby and to the parties on the then-applicable service list in the Reorganization Cases (including counsel to each of the Subcommittees). Listing a

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contract or lease on Exhibit XX to the Plan shall not constitute an admission by a Debtor or Reorganized Debtor that such contract or lease is executory or that a Debtor or Reorganized Debtor has any liability thereunder.

36. Each (a) Real Property Executory Contract and Unexpired Lease and (b) Executory Contract or Unexpired Lease assumed under Section V.A of the Plan will include any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such contract or lease, irrespective of whether such agreement, instrument or other document is listed on Exhibit XX to the Plan, unless any such modification, amendment, supplement, restatement or other agreement is rejected pursuant to Section V.C of the Plan and is listed on Exhibit XXI to the Plan.

37. As of the effective time of any applicable Restructuring Transaction, any Executory Contract or Unexpired Lease (including any related agreements as described in Section V.A.2 of the Plan) to be held by any Debtor or another surviving, resulting or acquiring corporation in the applicable Restructuring Transaction, shall be deemed assigned to the applicable entity, pursuant to section 365 of the Bankruptcy Code.

38. This Order shall constitute an order of the Bankruptcy Court approving the assumptions and assignments described in Sections V.A and V.F of the Plan (and any other applicable Plan provisions), pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. The Debtors or the Reorganized Debtors shall provide notice to each party whose Executory Contract or Unexpired Lease is being assumed or assumed and assigned pursuant to the Plan of: (i) the contract or lease being assumed or assumed and assigned; (ii) the name of the proposed assignee, if any (pursuant to the Restructuring Transactions or otherwise);

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(iii) the Cure Amount Claim, if any, that the applicable Debtor or Reorganized Debtor believes that it (or its assignee) would be obligated to pay in connection with such assumption; and

(iv) the procedures for such party to object to the assumption or assumption and assignment of the applicable contract or lease or the amount of the proposed Cure Amount Claim (the "Cure Amount Notice"). The Cure Amount Notice shall be in substantially the form attached hereto as Appendix III and incorporated herein by reference and shall be served on each non-debtor party or parties to an Executory Contract or Unexpired Lease to be assumed or assigned and assigned under the Plan no later than 15 Business Days after the Effective Date.

39. If any party disputes the assumption or assumption and assignment of its Executory Contract or Unexpired Lease or the amount of the proposed Cure Amount Claim set forth in the Cure Amount Notice, such party must file and serve on the Debtors or the Reorganized Debtors, as applicable, a written objection setting forth the basis for such dispute no later than 60 days after the date of service of the Cure Amount Notice (the "Assumption Objection Deadline"). The Debtors or Reorganized Debtors may file a reply to any such objection no later than 30 days after filing and service of such objection. If the parties are unable to resolve a dispute relating to these matters, such dispute shall be determined by the Bankruptcy Court after appropriate briefing and a hearing scheduled on not less than 30 days' notice. If the non-debtor party to an Executory Contract or Unexpired Lease does not timely and properly object to the proposed Cure Amount Claim identified in a Cure Amount Notice, the proposed amount shall become the final Allowed Cure Amount Claim without further action by the Bankruptcy Court, the Debtors or the Reorganized Debtors, and the proposed Cure Amount Claim shall be paid or satisfied in accordance with the Plan and this Order. Until a Cure Amount Claim becomes Allowed in accordance with the procedures set forth herein and in the Cure

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Amount Notice, such Claim shall be treated as a Disputed Claim for purposes of making distributions under the Plan.

40. To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code: (i) by payment of the Cure Amount Claim in cash no later than ten Business Days after passage of the Assumption Objection Deadline without an objection having been Filed; or (ii) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. If there is a dispute regarding (A) the amount of any Cure Amount Claim, (B) the ability of the applicable Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (C) any other matter pertaining to assumption or assumption and assignment of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code (in the amount allowed) shall be made within 30 days following the entry of a Final Order (or the Filing of a stipulation or other agreement by the parties) resolving the dispute and approving the assumption.

41. On the Effective Date, except for an Executory Contract or Unexpired Lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court or that is assumed pursuant to Section V.A. of the Plan (including any related agreements assumed pursuant to Section V.A.2. of the Plan), each Executory Contract and Unexpired Lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be rejected pursuant to section 365 of the Bankruptcy Code. The Executory Contracts and Unexpired Leases to be rejected shall include

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the Executory Contracts and Unexpired Leases listed on Exhibit XXI to the Plan. Each contract and lease listed on Exhibit XXI to the Plan shall be rejected only to the extent that any such contract or lease constitutes an Executory Contract or Unexpired Lease. Listing a contract or lease on Exhibit XXI shall not constitute an admission by a Debtor or Reorganized Debtor that such contract or lease (including related agreements as described in Section V.A.2 of the Plan) is an Executory Contract or Unexpired Lease or that a Debtor or Reorganized Debtor has any liability thereunder. Any Executory Contract and Unexpired Lease not listed on Exhibit XX to the Plan and not previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court shall be rejected irrespective of whether such contract is listed on Exhibit XXI to the Plan. This Order shall constitute an order approving each of the rejections described above, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

P. Claims Bar Dates and Other Claims Matters

42. *General Administrative Claim Bar Date Provisions.* Except as otherwise provided in this Order, Section III.E. of the Plan (governing certain claims of the Indenture Trustees), or Section IV.F.5. of the Plan (governing the fees and expenses of Professionals retained by the Subcommittees and the fees and expenses of the Administrative Agent) unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors, pursuant to the procedures specified in this Order and the notice of entry of this Order, no later than 30 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve a request by the applicable bar date shall be forever barred from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their respective property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the

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In addition, the 120 days in the definition of Claims Objection Bar Date in section A.38 of the Plan is modified to 60 days.

requesting party by the later of (i) 120 days after the Effective Date or (ii) 90 days after the Filing of the applicable request for payment of Administrative Claims. 60 days.

43. *Professional Compensation.* Professionals or other entities asserting a Fee Claim for services rendered before the Effective Date must File and serve on the Reorganized Debtors and such other entities who are designated by the Fee Order an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; *provided, however,* that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court review or approval, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (A) 90 days after the Effective Date or (B) 30 days after the Filing of the applicable request for payment of the Fee Claim.

44. *Ordinary Course Liabilities.* Holders of Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business, including Administrative Trade Claims, Administrative Claims of Governmental Units for Taxes, Administrative Claims arising from those contracts and leases of the kind described in Section V.F of the Plan, Administrative Claims for reasonable fees and expenses incurred by or owed to each Indenture Trustee as provided in Section III.E.2 of the Plan, Administrative Claims for reasonable fees and expenses incurred by or owed to the Administrative Agent as provided in Section IV.F.5 of the Plan and Administrative Claims for reimbursement of the reasonable fees and expenses incurred by or owed to the professionals retained by the Subcommittees as provided in Section IV.F.5 of

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the Plan, will not be required to File or serve any request for payment of such Administrative Claims. Such Administrative Claims shall be satisfied pursuant to Section III.A.1.c of the Plan.

45. *Claims Under the DIP Facility.* Holders of Administrative Claims under or evidenced by the DIP Facility will not be required to File or serve any request for payment of such Claims. Such Administrative Claims shall be satisfied pursuant to Section III.A.1.d of the Plan.

46. *Bar Date for Lease Rejection Claims.* Notwithstanding any provisions of the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to Section V.C of the Plan gives rise to a Claim by the other party or parties to the Executory Contract or Unexpired Lease, such Claim shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, New LINC, their respective successors or their respective properties unless a proof of Claim is Filed and served on the Reorganized Debtors, pursuant to the procedures specified in this Order and the Rejection Bar Date Notice, no later than 30 days after the Effective Date.

47. *Procedures for Notice of Rejections.* The Debtors or Reorganized Debtors shall provide written notice to each non-debtor party to an Executory Contract or Unexpired Lease being rejected pursuant to the Plan of (i) the applicable Executory Contract or Unexpired Lease being rejected, (ii) the procedures for such party to File and serve a proof of Claim for any Claims that may arise from such rejection (the "Rejection Bar Date Notice"). The Rejection Bar Date Notice shall be in substantially the form attached as Appendix IV to this Order.

48. *Indenture Trustee Claims.* The provisions relating to the allowance and payment of the Indenture Trustees' Claims contained in Section III.E of the Plan are approved in all respects.

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49. 28 U.S.C. § 1930 Fees. Pursuant to Section III.A.1.b of the Plan, on or before the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, shall be paid in cash equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 shall be paid by the Reorganized Debtors in accordance therewith until the closing of the Reorganization Cases pursuant to section 350(a) of the Bankruptcy Code or until the earlier of conversion or dismissal of the Chapter 11 Cases.

Q. Record Date for Distributions

50. The Distribution Record Date means the date that is 10 days following the Confirmation Date. Only parties holding Claims as of the Distribution Record Date that are or become Allowed Claims shall be entitled to distributions under the Plan.

R. Disbursing Agent

51. LINC, New LINC or such Third Party ^{Disbursing} ~~Distribution~~ Agents as LINC or *Jmw* New LINC may employ in its reasonable discretion shall be, and hereby are, authorized and directed to serve as disbursing agent to make all distributions required under the Plan (a) the holders of Allowed Claims and (b) thereafter, to the extent Disputed Claims become Allowed, to the holders of such Allowed Claims. All distributions shall be made pursuant to, and in accordance with, the provisions of Article VI of the Plan. Any payment of Cash made by the Reorganized Debtors, New LINC or their disbursing agent pursuant to the Plan shall be made by checks drawn on a bank or by wire transfer; provided, that all distributions of Cash to (a) the Lenders shall be made by the Reorganized Debtors, New LINC or their disbursing agent to the Administrative Agent by wire transfer of immediately available funds for disbursements to the Lenders and (b) the DIP Lenders shall be made by the Reorganized Debtors, New LINC or their disbursing agent to the DIP Agent by wire transfer of immediately available funds for disbursement to the DIP Lenders. All other distributions under the Plan required to be made to

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holders of Allowed Claims upon the occurrence of the Effective Date shall be deemed in accordance with the Plan if made by the Debtors or ^{with} his ^{their} disbursing agent as soon as practicable ^{fmw} after the occurrence of the Effective Date.

S. Actions in Furtherance of the Plan

52. The approvals and authorizations specifically set forth in this Order are nonexclusive and are not intended to limit the authority of New LINC or any Debtor or Reorganized Debtor or any officer thereof to take any and all actions necessary or appropriate to implement, effectuate and consummate the Plan, this Order or the transactions contemplated thereby or hereby. In addition to the authority to execute and deliver, adopt or amend, as the case may be, the contracts, instruments, releases and other agreements specifically granted in this Order, New LINC and the Debtors and the Reorganized Debtors are authorized and empowered, without further application to or order of the Bankruptcy Court or further action of their respective stockholders, managers or boards of directors to take any and all such actions as any of its Responsible Officers may determine are necessary or appropriate to implement, effectuate and consummate any and all documents or transactions contemplated by the Plan or this Order. Pursuant to section 1142 of the Bankruptcy Code and the State Reorganization Effectuation Statutes, no further application to or order of the Bankruptcy Court or further action of the directors or stockholders of New LINC or any Debtor or Reorganized Debtor shall be required for New LINC or such Debtor or Reorganized Debtor to: (1) enter into, execute and deliver, adopt or amend, as the case may be, any of the contracts, instruments, releases and other agreements or documents and plans to be entered into, executed and delivered, adopted or amended in connection with the Plan and, following the Effective Date, each of such contracts, instruments, releases and other agreements shall be a legal, valid and binding obligation of New LINC or the applicable Reorganized Debtor, enforceable against New LINC or such

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Reorganized Debtor in accordance with its terms subject only to bankruptcy, insolvency and other similar laws affecting creditors' rights generally and to general equitable principles;

(2) issue shares of New Common Stock pursuant to the Plan; or (3) authorize New LINC or the Reorganized Debtors to engage in any of the activities set forth in this paragraph or otherwise contemplated by the Plan. Each of the Responsible Officers of New LINC and each Debtor and Reorganized Debtor is authorized to execute, deliver, file or record such contracts, instruments, financing statements, releases, mortgages, deeds, assignments, leases, applications, registration statements, reports or other agreements or documents and take such other actions as such Responsible Officer may determine are necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, this Order and the transactions contemplated thereby or hereby, all without further application to or order of the Bankruptcy Court and whether or not such actions or documents are specifically referred to in the Plan, the Disclosure Statement, the Disclosure Statement Order, this Order or the exhibits to any of the foregoing, and the signature of a Responsible Officer on a document executed in accordance with this paragraph shall be conclusive evidence of the Responsible Officer's determination that such document and any related actions are necessary and appropriate to effectuate and/or further evidence the terms and conditions of the Plan, this Order or the transactions contemplated thereby or hereby. The Secretary or any Assistant Secretary of New LINC and each Debtor or Reorganized Debtor is authorized to certify or attest to any of the foregoing actions. Pursuant to section 1142 of the Bankruptcy Code and the Reorganization Effectuation Statutes, to the extent that, under applicable non-bankruptcy law, any of the foregoing actions would otherwise require the consent or approval of the stockholders or directors of New LINC or any of the Debtors or Reorganized Debtors, this Order shall constitute such consent or approval, and such actions are deemed to

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have been taken by unanimous action of the directors and stockholders of New LINC or the appropriate Debtor or Reorganized Debtor.

T. Resolution of Objections to Plan of Reorganization

53. Notwithstanding Section VI.D.2.b of the Plan or any other provision in the Plan or this Confirmation Order, in the event of a default under any of the Debtor Guaranties listed on Exhibit III to the Plan in favor of Allfirst Bank (the "Allfirst Guaranties"), Allfirst Bank may, without further order or relief from the Bankruptcy Court, assert and enforce all of its rights and remedies under the applicable Allfirst Guaranty against LINC, New LINC and their respective successors, if any, including, without limitation, instituting legal proceedings in a state or federal court of competent jurisdiction in order to obtain a judgment against LINC, New LINC and/or their respective successors, if any, for all amounts that are due and owing Allfirst Bank under the applicable Allfirst Guaranty. In addition, after the Effective Date, LINC and New LINC shall execute guaranty agreements substantially in the form of each of the applicable Allfirst Guaranties previously executed in favor of Allfirst Bank.

54. Pursuant to Section V.F of the Plan, New LINC and the Reorganized Debtors will adhere to and perform the Surety Credit Documents (as such term is defined in Federal Insurance Company's objection to the Plan), including the restrictions on the sweeping and commingling of cash of the Laidlaw Companies set forth in Section 6 of the Amended and Restated Underwriting and Continuing Indemnity Agreement between the Debtors and Federal Insurance Company.

55. Notwithstanding any provisions to the contrary in the Plan or this Confirmation Order, the non-debtor third party release and injunction shall not apply to the claims and interests, if any, of the United States of America.

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U. Retention of Jurisdiction

56. Notwithstanding the entry of this Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Reorganization Cases after the Effective Date as is legally permissible, including jurisdiction over the matters set forth in Article XII of the Plan, which provisions are incorporated herein by reference.

V. Binding Effect of Prior Orders

57. Pursuant to section 1141 of the Bankruptcy Code, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and subject to the terms of the Plan and this Confirmation Order, all prior orders entered in the Reorganization Cases, all documents and agreements executed by the Debtors ^{as} are authorized and directed thereunder, and ^{gmw} all motions or requests for relief by the Debtors pending before the Court as of the Effective Date shall be, and hereby are, binding upon and shall inure to the benefit of the Debtors, the Reorganized Debtors and their respective successors and assigns.

W. Integration of Confirmation Order Provisions

58. The provisions of this Confirmation Order are integrated with each other and are nonseverable and mutually dependent.

X. Final Order

59. This Confirmation Order is a Final Order and the period in which an appeal must be filed shall commence immediately upon the entry hereof.

Y. Reversal

60. If any or all of the provisions of this Confirmation Order are hereafter reversed, modified or vacated by subsequent order of this Court or any other court, such reversal, modification or vacatur shall not affect the validity of the acts or obligations incurred or undertaken under or in connection with the Plan prior to the Debtors' receipt of written notice of

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such order. Notwithstanding any such reversal, modification or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Confirmation Order prior to the effective date of such reversal, modification or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan and all related documents or any amendments or modifications thereto.

Z. Request for Aid of Foreign Courts

61. The Court hereby requests the aid and assistance of the Canadian Court, pursuant to the Cross-Border Protocol approved by the Canadian Court and the Court, and such other foreign courts as necessary to recognize, implement, and enforce this Order and the Plan in accordance with their terms.

AA. Protections of Section 525(a)

62. Pursuant to section 525(a) of the Bankruptcy Code, no governmental unit may deny, revoke, suspend or refuse to renew a license permit, charter, franchise or other similar grant to, condition such a grant to or discriminate with respect to such a grant against New LINC or any of the Reorganized Debtors or any of their respective affiliates, directors, officers, employees, agents, successors, and assigns because of the filing of the Reorganization Cases.

BB. Notice of Confirmation of the Plan

63. Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), the Debtors or the Reorganized Debtors are directed to serve a notice of the entry of this Order and the establishment of bar dates for certain Claims hereunder, substantially in the form of Appendix V attached hereto and incorporated herein by reference (the "Confirmation Notice"), on all parties that received notice of the Confirmation Hearing, no later than 20 Business Days after the Confirmation Date; provided, however, that the Debtors or the Reorganized Debtors shall be

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obligated to serve the Confirmation Notice only on the record holders of Claims or Interests as of the Confirmation Date and the Indenture Trustees. The Debtors are directed to publish the Confirmation Notice once in the national editions of the *Wall Street Journal*, *The New York Times*, *National Post* and *The Globe and Mail* and a French version thereof in *La Presse* in the Province of Quebec, no later than 15 Business Days after the Confirmation Date. As soon as practicable after the entry of this Order, the Debtors shall make copies of this Order and the Confirmation Notice available on the Debtors' website.

CC. Miscellaneous Provisions

64. The provisions of Federal Rule of Civil Procedure 62(a) and Bankruptcy Rules 3020(e) and 7062 shall not apply to this Order, and the Debtors are authorized to consummate the Plan immediately upon entry of this Order.

65. The substantial consummation of the Plan, within the meaning of section 1127 of the Bankruptcy Code, is deemed to occur on the Effective Date.

66. The Debtors are hereby authorized to amend or modify the Plan at any time prior to the Effective Date, but only in accordance with section 1127 of the Bankruptcy Code and Section XIII.D of the Plan and subject to the consent of the Subcommittees. In addition, without the need for a further order or authorization of this Court, but subject to the express provisions of this Order, the Debtors shall be authorized and empowered to make non-material modifications to the documents filed with the Court, including, without limitation, exhibits to the Plan or documents forming part of the evidentiary record at the Confirmation Hearing, in their reasonable business judgment as may be necessary with the consent of the Subcommittees.

67. Failure specifically to include or reference particular sections or provisions of the Plan or any related agreement in this Order shall not diminish or impair the

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effectiveness of such sections or provisions, it being the intent of the Court that the Plan be confirmed and such related agreements be approved in their entirety.

68. Any document related to the Plan that refers to a plan of reorganization of the Debtors other than the Plan confirmed by this Order shall be, and it hereby is, deemed to be modified such that the reference to a plan of reorganization of the Debtors in such document shall mean the Plan confirmed by this Order, as appropriate.

69. In the event of an inconsistency between the Plan, on the one hand, and any other agreement, instrument, or document intended to implement the provisions of the Plan, on the other, the provisions of the Plan shall govern (unless otherwise expressly provided for in such agreement, instrument, or document). In the event of any inconsistency between the Plan or any agreement, instrument, or document intended to implement the Plan, on the one hand, and this Order, on the other, the provisions of this Order shall govern.

70. In accordance with Section IX.D of the Plan, if the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, and (b) nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims by or against, or any Interest in the Debtors, or prejudice in any manner the rights of a Debtor or any other party in interest.

71. The provisions of this Order are integrated with each other and are non-severable and mutually dependent.

72. This Order is a final order and the period in which an appeal must be filed shall commence immediately upon the entry hereof.

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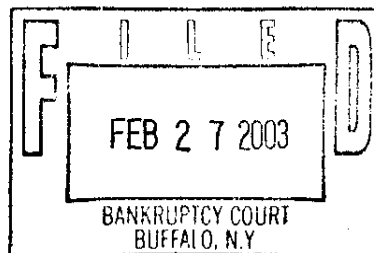
73. If any or all of the provisions of this Order are hereafter reversed, modified, or vacated by subsequent order of this Court, or any other Court, such reversal, modification, or vacatur shall not affect the validity of the acts or obligations incurred or undertaken under or in connection with the Plan prior to the Debtors' receipt of written notice of such Order. Notwithstanding any such reversal, modification, or vacatur of this Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Order prior to the effective date of such reversal, modification, or vacatur shall be governed in all respects by the provisions of this Order and the Plan, and all related documents or any amendments or modifications thereto.

Dated: February 27 2003
Buffalo, New York

[Handwritten Signature]
UNITED STATES BANKRUPTCY JUDGE

CERTIFIED COPY *Consisting of*
ATTEST: A TRUE COPY *42 pages*
PAUL R. WARREN
Clerk of the Court

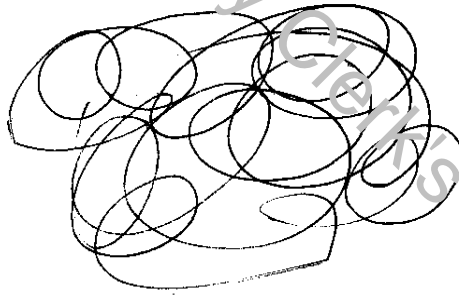
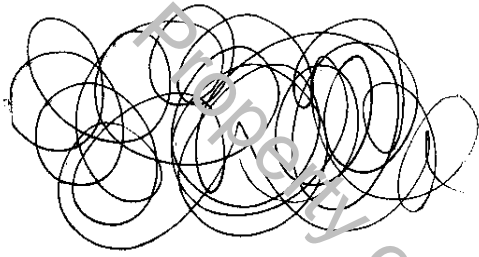
By *Arthur W. Hill*
Deputy Clerk
Original Filed *2/27/03*



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APPENDIX I

PLAN OF REORGANIZATION



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UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF NEW YORK

IN RE:	:	Jointly Administered
	:	Case Nos. 01-14099 K
	:	through 01-14104 K
LIDLAW USA, INC.,	:	
LIDLAW INC.,	:	
LIDLAW INVESTMENTS LTD.,	:	Chapter 11
LIDLAW INTERNATIONAL FINANCE	:	
CORPORATION,	:	
LIDLAW TRANSPORTATION, INC. and	:	
LIDLAW ONE, INC.,	:	
	:	
Debtors.	:	

THIRD AMENDED JOINT PLAN OF REORGANIZATION OF LIDLAW USA, INC. AND ITS DEBTOR AFFILIATES

GARRY M. GRABER
HODGSON RUSS LLP
One M&T Plaza
Suite 2000
Buffalo, New York 14203
(716) 856-4000

- and -

RICHARD M. CIERI
THOMAS C. DANIELS
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
(216) 586-3929

PAUL E. HARNER
EDWARD B. WINSLOW
MARK A. CODY
JONES DAY
77 West Wacker
Suite 3500
Chicago, Illinois 60601
(312) 782-3939

ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION

January 23, 2003

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INTRODUCTION

Laidlaw USA, Inc. ("Laidlaw USA") and the other above-captioned debtors and debtors in possession (as more fully defined below, collectively, the "Debtors") propose the following joint plan of reorganization (as more fully defined below, the "Plan") for the resolution of all outstanding claims against, and equity interests in, the Debtors. The Debtors are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code, 11 U.S.C. § 1129. Reference is made to the Debtors' Disclosure Statement (as defined below), filed contemporaneously with the Plan, for a discussion of the Debtors' history, businesses, results of operations, historical financial information, projections and properties, and for a summary and analysis of the Plan. There also are other agreements and documents, all of which have been or will be filed with the Bankruptcy Court, that are referenced in the Plan or the Disclosure Statement and that will be available for review. This Plan constitutes an agreement among the Creditors' Committee, the Subcommittees (as such terms are defined below) and the Debtors regarding the settlement of certain issues among the Debtors and the Debtors' creditors.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Defined Terms

As used in the Plan, capitalized terms have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, will have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1. **"1991 Indenture"** means the Indenture, dated as of April 16, 1991, as supplemented and amended by the First Supplemental Indenture, dated as of October 15, 1992, the Second Supplemental Indenture, dated as of September 27, 1996, and the Third Supplemental Indenture, dated as of October 20, 2000, between LINC and Montreal Trust.
2. **"1992 Indenture"** means the Indenture, dated as of July 27, 1992, as supplemented and amended by the First Supplemental Indenture, dated as of July 17, 1996, and the Second Supplemental Indenture, dated as of November 2, 2000, between LINC and U.S. Bank.
3. **"1995 Indenture"** means the Indenture, dated as of November 28, 1995, as supplemented and amended by the First Supplemental Indenture, dated as of November 2, 2000, among Laidlaw One, LINC, as guarantor, and U.S. Bank.
4. **"1995 Noteholder Claims"** means all Claims arising under the 1995 Indenture or the 1995 Notes, other than Subordinated 1995 Noteholder Claims.
5. **"1995 Noteholders"** means the holders of the 1995 Notes and, solely for purposes of the releases given in Section IV.G. and the limitations of liabilities set forth in Section XIII.B, each of their respective predecessors, successors and assigns.
6. **"1995 Notes"** means the unsecured notes issued and outstanding under the 1995 Indenture.
7. **"1996 Credit Agreement"** means that certain credit agreement, dated as of February 28, 1996, among LINC and LTI, as borrowers, the managing agents, the administrative agent, the lenders, the issuing banks, the documentary credit lenders and the program manager party thereto, as amended from time to time prior to February 24, 1999, as amended and restated by the Prepetition Credit Facility.
8. **"1997 Indenture"** means the Indenture, dated as of September 11, 1997, as supplemented and amended by the First Supplemental Indenture, dated as of November 2, 2000, between LINC and U.S. Bank.

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9. **"Adjusted Amount"** means: (a) in the case of all Allowed Class 4 Claims, the aggregate amount of such Allowed Claims (including the amount of such Claims resulting from any draws on Letters of Credit prior to the Effective Date) minus \$88,000,000.00, and in the case of each Allowed Class 4 Claim, the amount of such Allowed Claim (including the amount, if any, resulting from any draws on Letters of Credit prior to the Effective Date) minus the portion of \$88,000,000.00 allocable to such Claim; (b) in the case of all Allowed Class 5A Claims, the aggregate amount of such Allowed Claims minus \$22,000,000.00, and in the case of each Allowed Class 5A Claim, the amount of such Allowed Claim minus the portion of \$22,000,000.00 allocable to such Claim; and (c) in the case of all Allowed Class 5B Claims, \$93,362,960.00.

10. **"Administrative Agent"** means CIBC in such capacity under the Prepetition Credit Facility.

11. **"Administrative Claim"** means a Claim for costs and expenses of administration allowed under section 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the respective Estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services and payments for inventories, leased equipment and premises), including Claims under the DIP Facility; (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under section 330(a), 331 or 1103 of the Bankruptcy Code, including Fee Claims; (c) Claims payable pursuant to Section III.E.2; (d) Claims payable pursuant to Section IV.F.5; (e) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, 28 U.S.C. §§ 1911-1930; (f) Claims for reclamation allowed in accordance with section 546(c)(2) of the Bankruptcy Code and section 2-702 of the Uniform Commercial Code; (g) all Intercompany Claims accorded priority pursuant to section 364(c)(1) of the Bankruptcy Code or the Cash Management Order, but only to the extent provided and subject to the limitations in the Cash Management Order; and (h) Claims of Banc One Corp., CIBC and Royal Bank of Canada for fees incurred by the Debtors in connection with the administration of the Debtors' existing cash management system accorded superpriority status *pari passu* with the DIP Lenders as provided in the Cash Management Order.

12. **"Administrative Trade Claim"** means an Administrative Claim arising from, or with respect to, the sale of goods or rendition of services on or after the Petition Date in the ordinary course of the applicable Debtor's business and consistent with the Debtor's historical business practices, including Administrative Claims of employees for ordinary course wages, expense reimbursements and health and welfare benefits.

13. **"Affiliate"** means an "affiliate" (as defined in section 101(2) of the Bankruptcy Code) of any Laidlaw Company, but excluding for all purposes each Safety-Kleen Entity.

14. **"Allowed Claim"** means a Claim:

a. that (i) has been listed by a particular Debtor on its Schedule, as other than disputed, contingent or unliquidated and (ii) is not otherwise a Disputed Claim;

b. (i) for which a proof of Claim or request for payment of Administrative Claim has been Filed by the applicable Bar Date or otherwise been deemed timely Filed under applicable law and (ii) that is not otherwise a Disputed Claim; or

c. that is allowed: (i) in any Stipulation of Amount and Nature of Claim executed by the applicable Reorganized Debtor and Claim holder on or after the Effective Date; (ii) in any Stipulation of Amount and Nature of Claim executed by the applicable Debtor and Claim holder prior to the Effective Date that is approved by the Bankruptcy Court pursuant to a Final Order; (iii) in any contract, instrument or other agreement entered into in connection with the Plan and, if entered into prior to the Effective Date, approved by the Bankruptcy Court pursuant to a Final Order; (iv) in a Final Order; or (v) pursuant to the terms of the Plan.

15. **"Allowed . . . Claim"** means an Allowed Claim in the particular Class or category specified. Unless otherwise specified, any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

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16. **"Ballot"** means the form or forms distributed to each holder of an impaired Claim entitled to vote on the Plan on which the holder indicates acceptance or rejection of the Plan or any election for treatment of such Claim under the Plan.
17. **"Bankruptcy Code"** means title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as now in effect or hereafter amended.
18. **"Bankruptcy Court"** means the United States District Court having jurisdiction over the Reorganization Cases and, to the extent of any reference made pursuant to 28 U.S.C. § 157, the bankruptcy unit of such United States District Court.
19. **"Bankruptcy Rules"** means, collectively, the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended.
20. **"Bar Date"** means the applicable bar date by which a proof of Claim must be or must have been Filed, as established by an order of the Bankruptcy Court, including the Bar Date Order and the Confirmation Order.
21. **"Bar Date Order"** means any order of the Bankruptcy Court establishing Bar Dates for Filing proofs of Claim in the Reorganization Cases, as the same may be amended, modified or supplemented, including the Bankruptcy Court Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof, dated August 7, 2001.
22. **"Bondholder Class Members"** means the members of the class described and preliminarily certified in the securities class action in the United States District Court for the District of South Carolina captioned In re Laidlaw Bondholders Securities Litigation (Civil Action No. 3:00-CV-2518-17).
23. **"Bondholder Settlement Agreement"** means the Settlement Agreement dated as of July 24, 2002 resolving the action in the United States District Court for the District of South Carolina captioned In re Laidlaw Bondholders Securities Litigation (Civil Action No. 3:00-CV-2518-17) and certain related matters that is attached hereto as Exhibit I, as approved by the Bankruptcy Court and the Canadian Court by Final Order.
24. **"Bridge Facility"** means the expired Revolving Credit and Guaranty Agreement, dated October 31, 2000, among CIBC, as agent, a syndicate of financial institutions arranged by CIBC and certain other financial institutions, as lenders, certain subsidiaries of LINC, as borrowers, and certain direct and indirect subsidiaries of LINC (other than Laidlaw One), as guarantors, that established a revolving line of credit in an amount up to \$100,000,000.00, including a letter of credit sub-facility in an amount up to \$50,000,000.00.
25. **"Bridge Lenders"** means, collectively, CIBC, in its capacity as lender and agent and the other lenders under the Bridge Facility and, solely for purposes of the releases given and received in Section IV.G, the definition of Reserved Claims and the limitations of liability set forth in Section XIII.B, each of their respective predecessors, successors and assigns.
26. **"Business Day"** means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)) in the United States of America or the State of New York.
27. **"Canadian Court"** means the Ontario Superior Court of Justice having jurisdiction over the Canadian Debtors under the CCAA.
28. **"Canadian Debtors"** means LINC and Laidlaw Investments, as such entities are or may be subject to proceedings under the CCAA before the Canadian Court (Court File No. 01-CL-4178).
29. **"Cash"** means cash and cash equivalents, including currency, bank deposits, checks, wire transfers of immediately available funds and other similar items.

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30. **"Cash Investment Yield"** means the net yield earned by the applicable Disbursing Agent from the investment of Cash held pending distribution pursuant to the Plan (including any dividends and other distributions on account of New Common Stock), which investment will be in a manner consistent with the Reorganized Debtors' investment and deposit guidelines.

31. **"Cash Management Order"** means the Order Approving Cash Management Systems, Certain Intercompany Transactions with and Transfers to Nondebtor Affiliates, Use of Existing Bank Accounts and Business Forms and Current Investment and Deposit Guidelines, as entered by the Bankruptcy Court on or about August 7, 2001.

32. **"CCAA"** means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended, of Canada.

33. **"CCAA Cases"** means the CCAA proceedings commenced by the Canadian Debtors in the Canadian Court.

34. **"CCA Order"** means one or more orders of the Canadian Court in the CCAA Cases, in form and substance satisfactory to the Subcommittees, under the Canada Business Corporation Act or the CCAA effecting certain elements of the Restructuring Transactions and of this Plan.

35. **"CIBC"** means Canadian Imperial Bank of Commerce, CIBC, Inc. or any other of their respective affiliates (as defined in section 101(2) of the Bankruptcy Code), in any capacity, including as a lender (as such term is defined under the Prepetition Credit Facility), as an issuing bank, as managing agent, as a program manager, as a swing line lender, as administrative agent or as a documentary credit lender under the Prepetition Credit Facility and the Original Credit Agreement, as a Swap Counterparty, as an issuer of letters of credit or as a holder of a Claim in Class 6.

36. **"Claim"** means a "claim," as defined in section 101(5) of the Bankruptcy Code, against any Debtor.

37. **"Claimant"** means, for purposes of Section VII.5, the holders of Claims in Class 4 and Class 5A, as applicable.

38. **"Claims Objection Bar Date"** means, for all Claims, other than those Claims allowed in accordance with Section I.A.14, the latest of: (a) 120 days after the Effective Date; (b) 90 days after the Filing of a proof of Claim for such Claim; and (c) the last day of such other period of limitation as may be specifically fixed by the Plan, the Confirmation Order, the Bankruptcy Rules or a Final Order for objecting to such Claim.

39. **"Class"** means a class of Claims or Interests, as described in Article II.

40. **"Class 6 Estimation Order"** means the order of the Bankruptcy Court, contemplated to be part of the Confirmation Order, estimating the aggregate Allowed Amount of the Claims in Class 6.

41. **"Confirmation"** means the entry of the Confirmation Order on the docket of the Bankruptcy Court.

42. **"Confirmation Date"** means the date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

43. **"Confirmation Hearing"** means the hearing held by the Bankruptcy Court on Confirmation of the Plan, as such hearing may be continued from time to time.

44. **"Confirmation Order"** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

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45. **"Creditors' Committee"** means the official committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Reorganization Cases pursuant to section 1102 of the Bankruptcy Code.

46. **"Cross-Border Protocol"** means the Cross-Border Insolvency Protocol, in respect of the Insolvency Proceedings, approved by the Canadian Court on August 10, 2001 and by the Bankruptcy Court on August 20, 2001, as it may be amended with the consent of the Subcommittees and approved by the Bankruptcy Court and the Canadian Court.

47. **"Cure Amount Claim"** means a Claim based upon a Debtor's defaults under an Executory Contract or Unexpired Lease, to the extent such defaults remain uncured at the time such contract or lease is assumed by that Debtor under section 365 of the Bankruptcy Code.

48. **"Debtors"** means the entities identified on Exhibit II.

49. **"Debtor Guaranties"** means the arrangements listed on Exhibit III pursuant to which LINC or LTI issued guaranties with respect to obligations of certain Laidlaw Companies.

50. **"Debtor Programs"** means the arrangements listed on Exhibit IV pursuant to which LINC or LTI provide various benefits and services to certain of the Laidlaw Companies.

51. **"Debtor Representative"** means the person designated by the Debtors to serve on the Director Selection Committee.

52. **"Derivative Claim"** means a claim or cause of action that is property of any of the Debtors' Estates pursuant to section 541 of the Bankruptcy Code.

53. **"DIP Facility"** means, collectively: (a) the Senior Secured, Super-Priority Debtor-In-Possession Credit Agreement, dated as of June 28, 2001, as it may be subsequently amended and modified, among the Debtors (as borrowers or guarantors), the entities identified therein as "Lenders" and their respective successors and assigns and GECC; (b) all amendments thereto and extensions thereof; and (c) all security agreements, orders and instruments related to the documents identified in clauses (a) and (b) above.

54. **"DIP Lenders"** means, collectively: (a) those entities identified as "Lenders" in the DIP Facility, together with their respective successors and assigns; and (b) GECC.

55. **"Director and Officer Claim Treatment Letter"** means the letter agreement dated June 27, 2001, certain payments under which were approved by the Bankruptcy Court Order Authorizing: (A) The Amendment of a Trust Agreement and Certain Payments Under Director and Officer Claim Treatment Letter Pursuant to Section 363 of the Bankruptcy Code; and (B) Payment of Subcommittees' Expenses Pursuant to Sections 363 and 105 of the Bankruptcy Code, dated September 28, 2001.

56. **"Director Selection Committee"** means the subcommittee consisting of the Prepetition Noteholder Representatives, the Lender Representatives and the Debtor Representative, that will recommend the initial board of directors of New LINC and each of the Reorganized Debtors, in accordance with Section IV.C.2.

57. **"Disbursing Agent"** means LINC or New LINC, each in its capacity as a disbursing agent pursuant to Section VI.B, or any Third Party Disbursing Agent.

58. **"Disclosure Statement"** means the disclosure statement (including all exhibits and schedules thereto or referenced therein) that relates to the Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.

59. **"Disputed Claim"** means:

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a. if no proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim that is listed on a Debtor's Schedules as other than disputed, contingent or unliquidated, but as to which the applicable Debtor, Reorganized Debtor or, prior to the Effective Date, any other party in interest, has Filed an objection by the Claims Objection Bar Date and such objection has not been withdrawn or denied by a Final Order; or (ii) a Claim that is listed on a Debtor's Schedules as disputed, contingent or unliquidated; or

b. if a proof of Claim or request for payment of an Administrative Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim for which no corresponding Claim is listed on a Debtor's Schedules; (ii) a Claim for which a corresponding Claim is listed on a Debtor's Schedules as other than disputed, contingent or unliquidated, but the nature or amount of the Claim as asserted in the proof of Claim varies from the nature and amount of such Claim as it is listed on the Schedules; (iii) a Claim for which a corresponding Claim is listed on a Debtor's Schedules as disputed, contingent or unliquidated; (iv) a Claim for which an objection has been Filed by the applicable Debtor, Reorganized Debtor or, prior to the Effective Date, any other party in interest, by the Claims Objection Bar Date, and such objection has not been withdrawn or denied by a Final Order; or (v) a Tort Claim.

60. "Disputed Insured Claim" means an Insured Claim that is also a Disputed Claim.

61. "Dissolution Date" means the later of (a) the Effective Date, (b) the date on which all Disputed Claims with Face Amounts in excess of \$10,000,000.00 have been settled or otherwise resolved pursuant to a Final Order or Final Orders and (c) the date on which the New Common Stock is listed on a National Securities Exchange.

62. "Distributable New Common Stock" means all of the shares of New Common Stock to be issued and outstanding as of the Effective Date, other than shares to be issued or reserved for issuance under the Equity Incentive Plan.

63. "Distribution Record Date" means the date that is 10 days following the Confirmation Date.

64. "Document Reviewing Centers" means, collectively: (a) the offices of Jones Day located at 77 West Wacker, Suite 3500, Chicago, Illinois 60601; (b) the offices of Jones Day located at 222 East 41st Street, New York, New York 10017; (c) the offices of Goodmans LLP located at 250 Yonge Street, Suite 2400, Toronto, Ontario, Canada M5B 2M6; and (d) any other locations designated by the Debtors at which any party in interest may review all of the exhibits and schedules to the Plan and the Disclosure Statement.

65. "Documentary Credit Lender" means such term as used in the Prepetition Credit Facility.

66. "Effective Date" means a day, as determined by the Debtors, that is the Business Day as soon as reasonably practicable after all conditions to the Effective Date set forth in Section IX.B have been met or waived pursuant to Section IX.C.

67. "Equity Incentive Plan" means the equity incentive plan adopted as of the Effective Date, on substantially the terms described in Exhibit V, for the benefit of employees and directors of New LINC and its direct and indirect subsidiaries, other than the Safety-Kleen Entities.

68. "ERISA" means the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001-1461, as amended.

69. "Estate" means, as to each Debtor, the estate created with respect to that Debtor in its Reorganization Case pursuant to the Bankruptcy Code, including any recoveries under chapter 5 of the Bankruptcy Code.

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70. **"Excess Cash"** means \$200,000,000.00 (which amount includes the proceeds paid to the Debtors pursuant to the Bondholder Settlement Agreement, excludes the Guaranty Coverage Dispute Settlement Distribution and is subject to adjustment by agreement of the Subcommittees and LINC prior to the Effective Date).

71. **"Excess Cash Reduction"** means the dollar-for-dollar reduction of the aggregate principal amount of the term loan portion of the Exit Financing Facility and/or the New LINC Notes, at the Debtors' discretion, in an amount equal to the aggregate amount of Excess Cash distributed to holders of Allowed Claims in Classes 4, 5A and 6 pursuant to Section III.C, subject to an aggregate cap of \$75,000,000.00.

72. **"Exchange Act"** means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a-78jj, as now in effect or hereafter amended.

73. **"Executory Contract" or "Unexpired Lease"** means a contract or lease to which one or more of the Debtors is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

74. **"Exit Financing Facility"** means the credit facility consisting of: (a) a senior secured revolving credit facility in the amount of not less than \$350,000,000.00, including a \$150,000,000.00 letter of credit sub-facility; and (b) a senior secured seven year term loan facility in the anticipated principal amount of up to \$650,000,000.00 (but not less than \$575,000,000.00, after giving effect to the Excess Cash Reduction) that will be entered into by the Debtors, the Exit Financing Facility Agent Bank and the other lenders party thereto on the Effective Date, on substantially the terms and conditions described on Exhibit VI.

75. **"Exit Financing Facility Agent Bank"** means the agent bank under the Exit Financing Facility.

76. **"Exit Proceeds"** means the sum of the proceeds of the term loan portion of the Exit Financing Facility and the principal amount of the New LINC Notes, after reducing such sum by the Excess Cash Reduction. In no event shall the Exit Proceeds be less than \$875,000,000.00.

77. **"Face Amount"** means either: (a) the full stated amount claimed by the holder of a Claim in any proof of Claim Filed by the Bar Date, or otherwise deemed timely Filed under applicable law, if the proof of Claim specifies only a liquidated amount; (b) if no proof of Claim is Filed by the Bar Date or otherwise deemed timely filed under applicable law, the full amount of a Claim listed on the Debtors' Schedules, *provided, however*, that such amount is not listed as disputed, contingent or unliquidated; or (c) the applicable deductible under the relevant insurance policy, minus any reimbursement obligations of the applicable Debtor to the insurance carrier for sums expended by the insurance carrier on account of a Claim (including defense costs), if such amount is less than the amount specified in clause (a) or (b) above with respect to such Claim or the applicable proof of Claim specifies an unliquidated amount; *provided, however*, that the Face Amount of a Claim shall in all events be any amount of such Claim, as determined by a Final Order or a Stipulation of Amount and Nature of Claim allowing or estimating such Claim, that is less than the amount determined under clause (a), clause (b) or clause (c) above.

78. **"Fee Claim"** means a Claim under section 330(a), 331 or 1103 of the Bankruptcy Code for compensation of a Professional or other entity for services rendered or expenses incurred in the Reorganization Cases, other than: (a) a Claim for the reasonable fees and expenses incurred by or owed to an Indenture Trustee as provided in Section III.E.2; (b) a Claim for payment of reasonable fees and expenses of professionals retained by the Subcommittees as provided in Section IV.F.5; (c) a Claim for payment of all outstanding fees and expenses incurred by or owed to the Administrative Agent prior to the Petition Date and through the Effective Date as provided in Section IV.F.5; or (d) a Claim not subject to review pursuant to the terms of the Cross-Border Protocol.

79. **"Fee Order"** means the Administrative Order, pursuant to sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, as entered by the Bankruptcy Court on or about July 16, 2001.

80. **"File," "Filed" or "Filing"** means file, filed or filing with the Bankruptcy Court or its authorized designee in the Reorganization Cases.

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81. **"Final Order"** means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Reorganization Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied or resulted in no modification of such order.

82. **"GECC"** means General Electric Capital Corporation, as a "lender" and as agent under the DIP Facility

83. **"General Unsecured Claim"** means Unsecured Claims against any Debtor that are not otherwise classified in Classes 1, 3, 4, 5A, 5B, 7, 8, 9A or 9B, including the Safety-Kleen Settlement Claim, Unsecured Claims of CIBC, individually, for Claims related to or arising under certain interest rate, currency or other hedging agreements with the Debtors or certain letters of credit issued to or on behalf of the Debtors and drawn prior to the Effective Date, to the extent such Claims do not arise under the Prepetition Credit Facility, any other interest rate swap breakage Claims, the Westinghouse Note Claim, Rejection Damage Claims and any undersecured portion of Secured Claims.

84. **"Governmental Unit"** means any of the entities listed in section 101(27) of the Bankruptcy Code.

85. **"Governmental Unit Claim"** means any Claim of a Governmental Unit against any Debtor.

86. **"Governmental Unit Estimation Order"** means the order of the Bankruptcy Court, contemplated to be part of the Confirmation Order, estimating the aggregate Allowed Amount of Governmental Unit Claims.

87. **"Greyhound"** means Greyhound Lines, Inc., a Delaware corporation and a non-Debtor, wholly-owned indirect subsidiary of LINC.

88. **"Gross-Up"** means the amount by which a payment made by LINC or New LINC pursuant to the Plan to or on behalf of a Claimant has been increased pursuant to Section VI.C.5.i.

89. **"Guaranty Coverage Dispute"** means all of the Claims and actual and potential causes of action between and among the Debtors, CIBC, the Lenders, the Prior Lenders, the Program Manager, the Prepetition Noteholders and the Indenture Trustees arising with respect to their dispute as to the delivery, validity, enforceability and effect of the LTI Guaranty.

90. **"Guaranty Coverage Dispute Settlement"** means the settlement of the Guaranty Coverage Dispute set forth in Section IV.F and described in the Guaranty Coverage Dispute Settlement Agreement.

91. **"Guaranty Coverage Dispute Settlement Agreement"** means the agreement, dated as of June 27, 2001, as amended, describing the Guaranty Coverage Dispute Settlement, as amended, a copy of which agreement and any amendments thereto are attached hereto collectively as Exhibit VII.

92. **"Guaranty Coverage Dispute Settlement Distribution"** means the \$110,000,000.00 in Cash to be distributed to the holders of Claims in Classes 4 and 5A on the Effective Date in connection with the Guaranty Coverage Dispute Settlement.

93. **"Indenture Trustees"** means, collectively, Montreal Trust and U.S. Bank.

94. **"Insolvency Proceedings"** means, collectively, the Reorganization Cases and the CCAA Cases.

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AGREEMENT

THIS AGREEMENT ("Agreement") is made as of _____, 2003, by and between Laidlaw, Inc., the Encumbered Subsidiaries and Greyhound Lines, Inc., on the one hand, and the Pension Benefit Guaranty Corporation, on the other hand.

RECITALS

Each member of the Laidlaw Group is jointly and severally liable for the Pension Plans; and Laidlaw, Inc. and certain other members of the Laidlaw Group are debtors in the Bankruptcy Proceedings; and

The Debtors intend to reorganize under Chapter 11 of the Bankruptcy Code and to continue the Pension Plans; and

As a consequence of the Laidlaw Bankruptcy Reorganization, certain of the Debtors' unsecured debt that would be subordinate to the obligations of the Debtors to the PBGC if the Pension Plans were terminated by the PBGC prior to the consummation of the Reorganization Plan will be replaced by secured debt that likely would be senior to the obligations of the Debtors to the PBGC if the Pension Plans were terminated by the PBGC after the consummation of the Reorganization Plan; and

Each of the Pension Plans is covered by the pension plan termination insurance program set forth in Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA"), ERISA sections 4001-4402; and

PBGC has expressed certain concerns about the Laidlaw Bankruptcy Reorganization; and

To address the PBGC's concerns, the Laidlaw Group and PBGC ("Term Sheet Signatories") entered into a preliminary written agreement dated January 22, 2003 ("Term Sheet"); and

The Parties desire to enter into this Agreement, which shall constitute the definitive documentation contemplated under the Term Sheet; and

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THEREFORE, as provided for by the Term Sheet and for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

I. Definitions

As used in this Agreement, the following terms shall have the meaning set forth below:

"ATU Plan" means the Greyhound, Inc. Amalgamated Transit Union Local 1700 Council Retirement & Disability Plan.

"Agreement" shall mean this agreement and all of its exhibits, addenda and other attachments, by and among PBGC and the members of the Laidlaw Group.

"Bankruptcy Code" means the Bankruptcy Code of 1978, as amended, 11 U.S.C. § 101, *et seq.* and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of the Bankruptcy Code shall be construed to refer also to any successor sections of similar import.

"Bankruptcy Proceedings" means the jointly administered bankruptcy proceedings styled *In re Laidlaw USA, Inc., et al.*, Case Nos. 01-14099 K through 01-14104 K, pending in the United States Bankruptcy Court for the Western District of New York.

"Contributing Sponsor" shall have the meaning set forth in ERISA section 4001(a)(13).

"Controlled Group" shall have the meaning ascribed thereto under ERISA section 4001(a)(14).

"Debtors" means Laidlaw, Inc., Laidlaw USA, Inc., Laidlaw Investments Ltd., Laidlaw International Finance Corporation, Laidlaw Transportation, Inc., and Laidlaw One, Inc.

"Effective Date" shall mean the effective date of Laidlaw's Reorganization Plan.

"Encumbered Subsidiaries" means all of Laidlaw's affiliates that are signatories to the Exit Financing Facility. A list of the Encumbered Subsidiaries is attached to this Agreement as Exhibit B.

"Enhanced Contributions" shall mean the cash contributions that each member of the Laidlaw Group is jointly and severally obligated to pay to the Pension Plans pursuant to sections II.A.1.(a), II.A.1.(b), and II.A.1.(c) of this Agreement.

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"ERISA" shall mean the Employee Retirement Income Security Act of 1974, *as amended*, ERISA section 2 *et seq.*, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA shall be construed to refer to any successor sections.

"Event of Default" means the event described in section VII of this Agreement.

"Exit Financing Facility" has the same meaning ascribed to it in the Reorganization Plan.

"Funding Interest Rate" means the interest rate used by the Plans' enrolled actuaries for purposes of Internal Revenue Code section 412(b)(5)(A).

"Funding Standard Account" means the funding standard account maintained for the Plans pursuant to the Internal Revenue Code section 412.

"Initial Credit Balance" shall mean, with respect to each Pension Plan, the credit balance in the Plan's funding standard account for the Plan Year ending December 31, 2002, as determined by the Plan's enrolled actuary. The Initial Credit Balance must reflect the Plan's share of the \$50,000,000 Enhanced Contribution discussed in section II.A.1.(a) below.

"Intercreditor Agreements" shall have the meaning set forth in section II.E. of this Agreement.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, 26 U.S.C. § 1, *et. seq.*, and any successor statute of similar import, together with regulations thereunder, in each case as in effect from time to time. References to sections of the Internal Revenue Code shall be construed to refer also to any successor or substantially related sections of similar import.

"Laidlaw" shall mean Laidlaw, Inc. prior to the Effective Date and New LINC (as defined in the Reorganization Plan) after the Effective Date.

"Laidlaw Bankruptcy Reorganization" means the confirmation of the Reorganization Plan as provided in section 1141 of the Bankruptcy Code.

"Laidlaw Group" shall mean each member of the Controlled Group of which Laidlaw is a member as of the date the Bankruptcy Case was filed. The Laidlaw Group includes, but is not limited to, Laidlaw, Greyhound Lines, Inc. and each of the Encumbered Subsidiaries..

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"Maximum Tax Deductible Contribution Amount" shall mean, with respect to a Plan Year, the maximum amount of contributions to the Plan for such Plan Year that would be tax deductible pursuant to Internal Revenue Code section 404, determined as if the applicable interest rate is the lowest interest rate in the "permissible range" prescribed by Internal Revenue Code section 412(b)(5)(B)(ii), as modified by Internal Revenue Code section 412(l)(7)(C), or any successor provisions thereto to determine "current liability" as defined under Internal Revenue Code section 412.

"Minimum Funding Contribution" means, as to any of the Plans, the minimum funding requirements under Internal Revenue Code section 412.

"PBGC" means the Pension Benefit Guaranty Corporation, the United States government agency that administers and enforces the mandatory termination insurance program for defined benefit pension plans under Title IV of ERISA, 29 U.S.C. §§ 1301-1461.

"PBGC Lien" shall have the meaning set forth in section II.E. of this Agreement.

"Pension Plans" or "Plans" means the following defined benefit pension plans: (1) Greyhound Lines, Inc. Salaried Employees Defined Benefit Plan; (2) ATU Plan; (3) Texas New Mexico and Oklahoma Coaches, Inc. Employees Retirement Plan; (4) Vermont Transit Co. Inc. Employees Defined Benefit Pension Plan; (5) Carolina Coach Company Pension Plan; (6) Carolina Coach Co. International Association of Machinist Pension Plan; and (7) Carolina Coach Company Amalgamated Transit Union Pension Plan; plus any successor plan to any thereof under ERISA section 4021 or any plan or plans that result from any merger or spinoff of or from any thereof.

"Plan Release Events" means the events described in section IV.B. of this Agreement.

"Plan Year" shall mean, with respect to each Plan, the "plan year" as defined in ERISA section 3(39), provided that for purposes hereof, any "Plan Year" shall equal twelve months.

"Reorganization Plan" shall mean the Third Amended Joint Plan of Reorganization of Laidlaw USA Inc. and Its Debtor Affiliates (and all exhibits, addenda and other attachments thereto), filed with the Bankruptcy Court on January 23, 2003, as may be further amended.

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"Required Credit Balance" means, with respect to each Plan, the amount in each Plan's Funding Standard Account determined in accordance with section II.C. of this Agreement.

"Standard Termination" shall have the meaning ascribed thereto under ERISA section 4041(b).

"Stock Trust" or "Trust" means the trust established pursuant to documents in substantially the form attached as Exhibit A of this Agreement for purposes of funding all or part of the Enhanced Contributions required pursuant to section II.A.1.(c) of the Agreement.

"Term" means the period commencing on the latest date on which this Agreement has been signed by all the Parties and ending on the date this Agreement terminates pursuant to section IV of this Agreement.

"Termination Events" means the events described in section IV.A. of this Agreement.

"Trustee" means the trustee of the Stock Trust designated in accordance with section II.B.1. of this Agreement.

"Unfunded Benefit Liabilities" shall mean the amount of a Pension Plan's unfunded benefit liabilities (as defined in ERISA section 4001(a)(18)).

II. Laidlaw Obligations

A. Payment, Allocation and Effect of Enhanced Contributions.

1. Payment of Enhanced Contributions. Effective upon the consummation of its Reorganization Plan under Title 11 of the United States Code, Laidlaw and the Laidlaw Group shall be jointly and severally obligated to make Enhanced Contributions, as described in sections II.A.1.(a), II.A.1.(b), and II.A.1.(c) below, to the Pension Plans, plus additional contributions necessary to maintain the Initial Credit Balance and Required Credit Balance in each of the Plans' funding standard accounts.

- (a) The Laidlaw Group shall pay in cash to the Plans upon the Effective Date Enhanced Contributions in the aggregate amount of \$50,000,000, allocated to the 2002 Plan Years for funding standard account purposes. These payments will be in addition to any minimum funding contributions owed to the Plans for the 2002 Plan Years;
- (b) Not later than June 30, 2004, the Laidlaw Group shall pay in cash to the Plans Enhanced Contributions in the aggregate amount of \$50,000,000, allocated to the

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2003 Plan Years for funding standard account purposes. These payments will be in addition to any minimum funding contributions owed to the Plans for the 2003 Plan Years.

- (c) Not later than December 31, 2004, the Laidlaw Group shall pay in cash to the Plans Enhanced Contributions in the aggregate amount of no less than \$50,000,000, allocated to the Plan Years in which the payments are actually made (or to the prior Plan Years, if made within eight and one-half (8 ½) months of the end of any such prior Plan Year) for funding standard account purposes. These payments will be in addition to any minimum funding contributions owed to the Plans for the corresponding Plan Years.

2. Allocation of Enhanced Contributions Among Pension Plans. The Enhanced Contributions will be allocated among the Pension Plans in proportion to the Plans' Unfunded Current Liabilities as determined by the Plans' actuaries in accordance with Internal Revenue Code section 404(a)(1)(D)(i).

3. Effect of Enhanced Contributions on Required Funding. The Enhanced Contributions can be used to calculate minimum funding pursuant to the Retirement Protection Act of 1994 (including the special provisions of the Retirement Protection Act of 1994 that apply only to the ATU Plan), but otherwise may not be used to offset the quarterly contributions under Internal Revenue Code section 412(m) and ERISA section 402(e); provided however, that any contributions pursuant to section II.A.1.(c) above in excess of \$50,000,000 may be used to offset such quarterly contributions.

B. Stock Trust

1. The Laidlaw Group shall take all actions necessary to establish the Stock Trust. Pursuant to an exemption from the registration requirements of the Securities Act of 1933, the Laidlaw Group shall issue to the Stock Trust common stock of Laidlaw with an aggregate value of no less than \$50,000,000, as determined by the value of Laidlaw's common stock upon emergence from bankruptcy set forth in Laidlaw's Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code dated January 23, 2003. The Trust shall own the common stock. The Trustee of the Stock Trust will be independent of the Laidlaw Group and the Plans, and the Laidlaw Group shall pay all of the Stock Trust's fees and expenses, including those of its Trustee. PBGC for the benefit of the Pension Plans shall have the exclusive and first priority lien on all of the assets in the Stock Trust, including the common stock and any proceeds from the sale(s) of the common stock prior to the transfer of such proceeds to the Plans.

2. Laidlaw shall make the stock held in the Stock Trust freely transferable by the Trustee as soon as reasonably practicable. The common stock in the Stock Trust may be sold in one or more transactions for no less than the current fair market value at the time of the sale. Subject to compliance with applicable federal and state securities laws, the Trustee will have the duty to sell the stock held in the Stock Trust as soon as practicable and in a manner designed to maximize sale proceeds, but no later than December 31, 2004. Immediately upon such sale(s) the Trustee shall contribute all of the proceeds to the Plans, and any such amount contributed to the Pension Plans shall be treated as a cash payment to the Pension Plans under section II.A.1.(c). Laidlaw's consent will be required for any Trustee-initiated sales of stock, and, subject to compliance with applicable federal and state securities laws, Laidlaw will have the right to direct the Trustee to sell the stock.

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C. Maintenance of the Initial Credit Balance and the Required Credit Balance. The Laidlaw Group shall maintain the Initial Credit Balance and the Required Credit Balance for each Pension Plan throughout the term of this Agreement as follows:

1. The Initial Credit Balance with respect to each Pension Plan shall be the sum of (a), (b) and (c) below, where

(a) is the credit balance in the Plan's Funding Standard Account for the Plan Year ending December 31, 2002, as determined by the Plan's enrolled actuary; and

(b) is the Plan's share of the \$50,000,000 Enhanced Contribution discussed in section II.A.1.(a) of this Agreement; and

(c) is the amount, if any, of such Plan's share of the Enhanced Contributions made to the Plan attributable to 2002 from the Laidlaw Group's performance of its obligations described in section II.A.1.(c) of this Agreement,

plus the amount of interest calculated at the Plan's Funding Interest Rate.

2. The Laidlaw Group shall make such additional contributions to the Pension Plans that are necessary to insure that each Pension Plan's Required Credit Balance is preserved as of the end of each Plan Year.

- (a) For each Pension Plan's Plan Year ending December 31, 2003, the "Required Credit Balance" shall be equal to the sum of (i), (ii) and (iii) below, where

(i) is such Plan's Initial Credit Balance, plus the amount of interest calculated at the Plan's Funding Interest Rate; and

(ii) is the amount, if any, of such Plan's share of the Enhanced Contributions made to the Plan during or attributable to the 2003 Plan Year from the Laidlaw Group's performance of its obligations described in section II.A.1.(c) of this Agreement, plus the amount of interest calculated at the Plan's Funding Interest Rate. If Enhanced Contributions under section II.A.1.(c) of this Agreement made during or attributable to the 2002 and 2003 Plan Years are greater than \$50,000,000, the excess over \$50,000,000 is not reflected in the 2003 Required Credit Balance.

(iii) is such Plan's share of the \$50,000,000 Enhanced Contribution, discussed in section II.A.1.(b) of this Agreement, plus the amount of interest calculated at the Plan's Funding Interest Rate; and

- (b) For each Plan's Plan year ending December 31, 2004, the Required Credit Balance shall be equal to the sum of (i) and (ii) below, where

(i) is such Plan's Required Credit Balance for the 2003 Plan year, plus the amount of interest calculated at the Plan's Funding Interest Rate; and

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(ii) is the amount, if any, of such Plan's share of the Enhanced Contributions made to the Plan during or attributable to the 2004 Plan Year from the Laidlaw Group's performance of its obligations described in section II.A.1.(c) of this Agreement, plus the amount of interest calculated at the Plan's Funding Interest Rate. If Enhanced Contributions made during or attributable to the 2002, 2003 and 2004 Plan Years under section II.A.1.(c) of this Agreement are greater than \$50,000,000 in total, the excess over \$50,000,000 is not reflected in the 2004 Required Credit Balance.

(c) For each Plan Year ending December 31, 2005, and thereafter for so long as the Agreement is in effect, each Pension Plan's Required Credit Balance shall equal the Plan's Required Credit Balance for the previous year plus the amount of interest calculated at the Plan's Funding Interest Rate.

3. Except as provided otherwise in Section II.C., any contributions necessary to meet the Required Credit Balance for a Plan Year shall be made no later than January 15th following the end of the Plan Year (provided, however, that nothing in this Agreement shall require or otherwise accelerate the timing of the payment of the regular minimum funding contribution which is due no later than September 15th of the following Plan Year).

4. Each Plan's Required Credit Balance shall reflect the full Enhanced Contributions required by this Section II., regardless as to whether they are actually paid to the Plan.

D. Contributions in Excess of the Maximum Tax Deductible Contribution Amount.

1. Notwithstanding anything in this Agreement, contributions to a Plan for any given Plan year will not be required to exceed that Plan's Maximum Tax Deductible Contribution Amount. If any portion of an Enhanced Contribution is not deductible for a Plan, then that portion shall be contributed to another Plan for which it is deductible. If any portion of an Enhanced Contribution is not deductible for any Plan for a Plan Year, then that portion shall not be required to be contributed for the Plan Year for which it is not deductible, and instead such portion shall be carried over and paid in the next taxable year in which it is deductible. Any such carryover payment will be in addition to any other Enhanced Contributions required for such next year.

2. Each Plan's Required Credit Balance shall reflect the full Enhanced Contributions required by this Section II., regardless as to whether the actual contributions have been limited pursuant to the Maximum Tax Deductible Contribution Amount.

E. Grant of Security Interest. To secure their contribution obligations under sections II.A.1.(a), II.A.1.(b), and II.A.1.(c), Laidlaw and the Encumbered Subsidiaries shall grant to PBGC on behalf of the Pension Plans a second priority lien ("PBGC Lien") on all its property and interests, real and personal, tangible and intangible, whether now owned or hereafter acquired, that secure the Exit Financing Facility, including, without limitation, all such owned real estate, leaseholds, general intangibles, inventory, furniture, fixtures, equipment, intellectual property, contracts, books and records, accounts, shares of stock in subsidiaries and cash, subject only to the liens granted to secure the Exit

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Financing Facility and other exceptions to be agreed upon. Any subordination of the PBGC Lien to the liens granted to secure the Exit Financing Facility, and any conditions or restrictions on the PBGC's remedies with respect to such liens, shall be subject to Intercreditor Agreements in form and substance satisfactory to the lenders under the Exit Financing Facility (the "Intercreditor Agreements").

III. PBGC's Obligations

In consideration of the Laidlaw Group's performance of its obligations under this Agreement, PBGC will (A) forbear from instituting proceedings to involuntarily terminate the Pension Plans pursuant to Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA") in advance of the consummation of Laidlaw's Reorganization Plan, (B) forbear from objecting to Laidlaw's Reorganization Plan, and (C) withdraw all of the claims filed by the PBGC with respect to the Plans in Laidlaw's Chapter 11 case upon consummation of its Reorganization Plan.

IV. Termination Events and Plan Release Events

A. Termination Events. The events described in the following subsections IV.A.1. and IV.A.2. shall be the Termination Events.

1. The date after March 1, 2008, on which Laidlaw obtains the credit ratings (which may be private ratings in the event a public rating is not available) specified below, or better, on either actual unsecured debt or hypothetical unsecured debt in the amount of at least \$25 million:

<u>Rating Agency</u>	<u>Rating</u>
Standard & Poor's	BBB
Moody's	Baa2.

2. The date after which a Plan Release Event has occurred for each Pension Plan.

B. Plan Release Events. The events described in the following subsections IV.B.1. and IV.B.2. shall be the Plan Release Events.

1. The date after December 31, 2007, on which the Laidlaw Group demonstrates that the Plan has no Unfunded Benefit Liabilities as of the last day of the Plan Year for any two full consecutive Plan years after December 31, 2005.

2. The date on which PBGC receives a Form 501 – Post Distribution Certification for the Plan indicating that the Plan has been terminated in a Standard Termination.

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C. Laidlaw shall notify the PBGC in writing upon the occurrence of a Termination Event or a Plan Release Event. Within fifteen (15) days of PBGC's receipt of such notification, PBGC shall, if a Termination Event or Plan Release Event has occurred, respond in writing concurring that a Termination Event or a Plan Release Event has occurred. If PBGC fails to so respond within such time period, PBGC shall be deemed to have concurred.

D. Release of Plan from the Agreement. Laidlaw's obligations under the Agreement with regard to a particular Pension Plan shall terminate on the date on which the PBGC concurs or is deemed to concur that a Plan Release Event described in section IV.B. has occurred for such Plan; provided, however, that the occurrence of a Plan Release Event for any Plan shall have no effect on the Laidlaw Group's obligations under the Agreement for other Pension Plans.

E. Termination of Agreement. This Agreement shall terminate on the date on which the PBGC concurs, or is deemed to concur that either Termination Event described in section IV.A. has occurred.

F. Effect of Termination. All obligations of the Laidlaw Group and PBGC under this Agreement shall terminate immediately upon termination of this Agreement.

V. Reporting Obligations

Laidlaw will provide the following information to PBGC, in addition to any reporting obligations that the Laidlaw Group may have under ERISA or the Internal Revenue Code:

- A. Copies to PBGC's Corporate Finance and Negotiations Department of any notices otherwise required to be filed with the Internal Revenue Service or PBGC concerning the Plans at the time the filing is made;
- B. Written notice 30 days prior to any Plan merger or any transfer of liabilities or assets described in the Internal Revenue Code, under Internal Revenue Code section 414(l), to or from any Plan (other than *de minimis* mergers or transfers).
- C. Written notice 30 days prior to any change in any of the Plans' actuarial assumptions or methods for the purpose of the minimum funding standard account (other than changes required by law), which changes shall be subject to PBGC's consent, which consent shall not be unreasonably withheld.

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- D. Written notice 30 days prior to any change in any of the Plans' Plan Years. Such changes shall be subject to PBGC's consent, which consent shall not be unreasonably withheld.
- E. Each Plan's Actuarial Valuation Report no later than the last day of the Plan Year.
- F. Each Plan's Form 5500 when filed.
- G. By the last day of each Plan Year, a statement certified by one or more of the Plans' enrolled actuaries, specifying the following:
1. The allocation among the Plans of any Enhanced Contributions required for the Plan Year, showing the calculation of each Plan's unfunded current liability in accordance with Internal Revenue Code section 404(a)(1)(D)(i);
 2. The amount of contributions necessary to maintain each Plan's Required Credit Balance and details of the calculation of each Plan's Required Credit Balance; and
 3. A statement that the contribution necessary to maintain each Plan's Required Credit Balance is not limited by the Maximum Tax Deductible Contribution Amount for the Plan Year, or, if the contribution is so limited, the statement shall contain details showing the calculation of the limitation and the reallocation to other Plans or to later Plan Years.
- H. By the last day of each Plan Year, a certification from Laidlaw that contributions at least equal to the lesser of V.H.1. or V.H.2. below have been made to each Plan.
1. The amount necessary to maintain each Plan's Required Credit Balance.
 2. The maximum tax deductible amount that may be contributed to each Plan for the Plan Year.
- I. A copy of Plan amendments within 10 days of adoption.
- J. Written notice within 5 days of any missed quarterly contribution, Minimum Funding Contribution, Enhanced Contribution, or any other contribution required to be made to a Plan pursuant to this Agreement.
- K. A written statement indicating the number of shares contributed to the Stock Trust pursuant to section II.B. above and the price per share as set forth in the Disclosure Statement filed with respect to the Reorganization Plan.
- L. Written confirmation as of the end of 2003 and again as of the end of 2004, accounting for all sales of stock, including the number of shares sold and net proceeds, and amounts contributed to the Plans pursuant to sections II.A.1.(c) and II.B. above.
- M. Written confirmation that the \$50,000,000 Enhanced Contribution pursuant to section II.A.1.(a) above was in fact contributed.

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- N. Written confirmation that the \$50,000,000 Enhanced Contribution pursuant to section II.A.1.(b) above was in fact contributed.
- O. For so long as Laidlaw is not a company subject to the periodic reporting requirements under the federal securities laws, copies of all information provided to Laidlaw's shareholders.

VI. Coordinating Actuary

Laidlaw may appoint a single enrolled actuary to coordinate the actions required of the Plans' enrolled actuaries in order for the Laidlaw Group to discharge its obligations under this Agreement. The coordinating actuary may establish such reasonable procedures as it deems appropriate to obtain information from the enrolled actuaries for the Plans, and shall be entitled to rely on the information it obtains from the Plans' enrolled actuaries. The coordinating actuary may prepare and submit the statement described in section V.G. The coordinating actuary may establish procedures for basing the contribution and allocation of Enhanced Contributions to and among the Plans on the Plans' enrolled actuaries' estimates of the unfunded current liabilities of the Plans on the first day of the Plan Year using data available at the time of the contribution or allocation.

VII. Default

An Event of Default shall occur under this Agreement if the Laidlaw Group breaches or is in default of any of its obligations under this Agreement, including but not limited to the Laidlaw Group's obligations to make Enhanced Contributions and to maintain the Initial Credit Balance and the Required Credit Balance.

VIII. Remedies

Upon the occurrence of an Event of Default:

- A. All Enhanced Contributions not already made by the Laidlaw Group to the Pension Plans shall be immediately due and payable to PBGC for the benefit of the Plans.
- B. In addition to PBGC's rights under the Agreement and authority under Title IV of ERISA, PBGC may, in its sole discretion, demand payment and commence enforcement proceedings that are not inconsistent with the applicable terms of the Intercreditor Agreement.

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C. PBGC will provide the Laidlaw Group with a reasonable opportunity to cure any default.

IX. Representations and Warranties

A. PBGC represents and warrants to Laidlaw and the Laidlaw Group, as of the date of this

Agreement, as follows:

- (1) Authorizations. PBGC possesses full corporate power and authority to execute, deliver and perform this Agreement. The officers of PBGC executing this Agreement have been duly authorized to execute and deliver this Agreement.
- (2) Binding Effect. This Agreement has been duly executed and delivered by PBGC and constitutes a legal, valid and binding obligation of PBGC and is enforceable against it in accordance with its terms.
- (3) Reliance. PBGC recognizes and acknowledges that Laidlaw and the Laidlaw Group have relied on the representations and warranties contained in this section IX.A in entering into this Agreement and that these representations and warranties shall survive the execution and delivery of this Agreement.

B. Laidlaw and each member of the Laidlaw Group represent and warrant to PBGC, as of

the date of this Agreement as follows:

- (1) Authorization. Laidlaw is a corporation duly organized, existing and in good standing under the laws of Canada. Laidlaw and each member of the Laidlaw Group possesses full corporate power and authority to execute, deliver and perform this Agreement. Any person or entity executing this Agreement on behalf of Laidlaw and each member of the Laidlaw Group has been duly authorized to do so.
- (2) Binding Effect. This Agreement has been duly executed and delivered by Laidlaw and each member of the Laidlaw Group and constitutes a legal, valid and binding obligation of Laidlaw and each member of the Laidlaw Group and is enforceable against Laidlaw and each member of the Laidlaw Group in accordance with its terms, subject to the effects of applicable bankruptcy, insolvency, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.
- (3) No Conflict. The execution, delivery and performance of this Agreement by Laidlaw and each member of the Laidlaw Group is not in contravention of, and does not constitute a default under, the terms of any of Laidlaw's or any member of the Laidlaw Group's respective articles of incorporation, by-laws or other organizational documentation, or any law, regulation, decree, order, judgment, indenture, agreement or undertaking to which Laidlaw or any member of the Laidlaw Group is a party or by which Laidlaw or any member of the Laidlaw

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Group or any of its properties are bound or result in the creation of imposition of any lien on any of the respective properties of Laidlaw or any member of the Laidlaw Group.

- (4) No Consents Required. No consent, approval, authorization, filing, registration or other similar formality of or with any governmental authority, agency or instrumentality, or any other person or entity is required in connection with the execution, delivery or performance by Laidlaw or any member of the Laidlaw Group of this Agreement, except for approval of this Agreement by the Bankruptcy Court and except as may be required under (a) state securities or "blue sky" laws or (b) the Securities Act of 1933, the Securities Exchange Act of 1934 or the Trust Indenture Act of 1939.

- (5) Reliance. Laidlaw and each member of the Laidlaw Group recognizes and acknowledges that the PBGC has relied on the representations and warranties contained in this section IX.B. in entering into this Agreement and that these representations and warranties shall survive the execution and delivery of this Agreement.

X. General Provisions

A. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Delaware and by ERISA, the Internal Revenue Code, and other laws of the United States to the extent they preempt the laws of the State of Delaware.

B. Entire Agreement. This Agreement and any instruments or documents delivered or to be delivered in connection herewith represent the entire agreement and understanding concerning the subject matter between the parties hereto, and supersedes the Term Sheet and all other prior agreements, understandings, negotiations, discussions, proposals and offers concerning the subject matter hereof, whether oral or written.

C. Severability. If any provision of this Agreement shall be rendered invalid, inoperative, or unenforceable as applied in any particular case, such action shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance. If any provision of this Agreement shall be rendered invalid, inoperative, or unenforceable in all cases, such action shall not have the effect of rendering any other provisions of the Agreement invalid, inoperative, or unenforceable. The invalidity of any portion of this Agreement shall not affect the remaining portions of the Agreement.

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D. Limitation of Rights. This Agreement is intended to be and is for the sole and exclusive benefit of the Laidlaw Group, the PBGC, and their assigns under X.E.. Nothing expressed or mentioned in or to be implied from the Agreement gives any person other than the Laidlaw Group and PBGC any legal or equitable right, remedy, or claim against the Laidlaw Group or PBGC under or in respect of this Agreement.

E. Assignment. This Agreement may not be assigned in whole or in part by either party without the express written consent of the other party.

F. Notices. All notices, requests, or other communications shall be in writing and shall be deemed to have been given (1) if by courier, when receipted for, (2) if by certified mail, return receipt requested, when the return receipt has been received, or (3) if by telex, facsimile or similar electronic transfer, when sent, with receipt confirmed, address as follows:

Laidlaw:

Mr. Kevin Benson
Chief Executive Officer
Laidlaw, Inc.
55 Shuman Boulevard
Suite 400
Napierville, Illinois, 60563

With copy to:
Daniel C. Hagen, Esq.
Jones Day
901 Lakeside Avenue
Cleveland, OH 44114

PBGC:

Director, Corporate Finance and Negotiations Department
Pension Benefit Guaranty Corporation
1200 K Street, NW, Suite 270
Washington, DC 20005-4026
Facsimile: (202) 842-2643

With copy to:

General Counsel
Pension Benefit Guaranty Corporation
1200 K Street, NW, Suite 340
Washington, DC 20005-4026
Facsimile: (202) 326-4112

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G. Business Days. If the last date for performing any act or exercising any right provided for in the Agreement falls on a Saturday, Sunday or federal holiday, unless otherwise expressly provided in the Agreement, the act may be performed or the right exercised on the next day that is not a Saturday, Sunday, or federal holiday with the same force and effect as if done on the date provided in the Agreement.

H. Captions and Headings. The titles and captions used in the section headings of this Agreement are solely for the convenience of the parties and shall not be controlling for purposes of the interpretation of this Agreement.

I. Counterparts. This Agreement may be executed in identical counterparts, each of which shall be an original as against the party that signed it, and all which together shall constitute one and the same instrument. This Agreement will be effective as of the latest date on which it has been signed by all the parties. The term of this Agreement ("Term") shall be from the date indicated in the preceding sentence until the date indicated in section IV of this Agreement; provided, however, that if the Reorganization Plan is not consummated, this Agreement shall be null and void.

J. Amendment and Waivers. No amendment of any provision of this Agreement shall be valid unless the amendment is in writing and signed by the parties to this Agreement. The failure of any party to the Agreement to enforce a provision of the Agreement shall not constitute a waiver of the party's right to enforce that provision of the Agreement.

K. No Change to Governing Plan Documents or Plan Administration. This Agreement is not a document or instrument governing the Pension Plans, nor does anything in this Agreement amend, supplement, or derogate from the documents and instruments governing the Pension Plans. Further, nothing in this Agreement alters, amends, or otherwise modifies the operation or administration of the Pension Plans.

L. Reservation of Rights. Nothing in this Agreement shall preclude the PBGC from exercising its regulatory, enforcement, litigation, or other authority as set forth in ERISA and the Internal Revenue Code with respect to any person, other than as expressly provided otherwise in this Agreement.

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M. Rules for Interpretation. For purposes of this Agreement, unless otherwise provided herein:

(1) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural;

(2) unless otherwise provided in this Agreement, any reference in this Agreement to another agreement, contract, instrument or document being in a particular form or having particular terms and conditions means that such agreement, contract, instrument, or document will be substantially in such form or substantially on such terms and conditions;

(3) any reference to PBGC, Laidlaw, the Laidlaw Group, and the Encumbered Affiliates includes such entities successors, assigns and affiliates; and

(4) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any party hereto. Nor shall any rule of construction that favors a non-draftsman or a government agency be applied. A reference to any statute shall be deemed also to refer to all rules and regulations promulgated under the statute, unless the context requires otherwise.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the day and year first set forth above.

LAIDLAW, INC.

By: _____

Name: Geoff Mann

Title: Vice President, Treasurer

Date:

[Add Greyhound Lines, Inc. and the Encumbered Subsidiaries]

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[signature blocks for Greyhound Lines, Inc. and the
Encumbered Subsidiaries, to be provided by Laidlaw]

PENSION BENEFIT GUARANTY CORPORATION

By: _____

Name: Andrea E. Schneider

Title: Director, Corporate Finance and Negotiations Department

Date:

Property of Cook County Clerk's Office

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EXHIBIT B

ENCUMBERED SUBSIDIARIES

[TO BE SUPPLIED]

Property of Cook County Clerk's Office

CERTIFIED COPY
ATTEST: A TRUE COPY *Consisting of 110 pages*
PAUL R. WARREN
Clerk of the Court

By *Arthur W. Hill*
Deputy Clerk
Original Filed *2/27/03*

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95. **"Insured Claim"** means any Claim arising from an incident or occurrence alleged to have occurred prior to the Effective Date that is covered under an insurance policy, other than a workers' compensation insurance policy or a directors' and officers' insurance policy, applicable to the Debtors or their businesses.
96. **"Intercompany Claim"** means any Claim by a Laidlaw Company against a Debtor.
97. **"Interests"** means, collectively, the rights of a holder of Old Common Stock of any Debtor, the rights of a holder of Old Preferred Stock of any Debtor and the rights of any entity to purchase or demand the issuance of any of the foregoing, including: (a) redemption, conversion, exchange, voting, participation and dividend rights; (b) liquidation preferences; and (c) stock options and warrants.
98. **"IRS"** means the Internal Revenue Service of the United States of America.
99. **"Laidlaw Companies"** means the Debtors and their non-Debtor Affiliates.
100. **"Laidlaw Investments"** means Laidlaw Investments Ltd., an Ontario corporation, one of the Debtors and a wholly-owned subsidiary of LINC.
101. **"Laidlaw One"** means Laidlaw One, Inc., a Delaware corporation, one of the Debtors and a wholly-owned indirect subsidiary of LINC.
102. **"Laidlaw Operating Companies"** means the wholly-owned direct and indirect operating subsidiaries and Affiliates of LINC, none of which has commenced a chapter 11 case or other insolvency proceeding.
103. **"Laidlaw Subsidiary Debtors"** means, individually or collectively, a Debtor or Debtors other than LINC.
104. **"Laidlaw Transit"** means Laidlaw Transit Ltd., a Canadian corporation and a non-Debtor intermediate holding company for the Laidlaw Operating Companies.
105. **"Laidlaw Transit Services"** means Laidlaw Transit Services, Inc., a Delaware corporation and a non-Debtor, wholly-owned indirect subsidiary of LINC.
106. **"Lenders"** means the lenders and the issuing banks that issued the Letters of Credit and the Documentary Credit Lenders under the Prepetition Credit Facility, together with, but solely for purposes of the releases given and received in Section IV.G, the definition of Reserved Claims and the limitations of liability set forth in Section XIII.B, each of their respective predecessors, successors and assigns.
107. **"Lender Representatives"** means the persons or entities designated by the Lenders to serve on the Director Selection Committee.
108. **"Lenders' Subcommittee"** means those Lenders who are members of the Creditors' Committee.
109. **"Letters of Credit"** means letters of credit issued under the Prepetition Credit Facility.
110. **"LIBOR"** means London Interbank Offered Rate.
111. **"LIFC"** means Laidlaw International Finance Corporation, an Irish corporation, one of the Debtors and a wholly-owned indirect subsidiary of LINC.
112. **"LINC"** means Laidlaw Inc., a Canadian corporation, one of the Debtors and the direct or indirect parent of each of the Laidlaw Companies.

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113. **"LINC Old Common Stock Interests"** means the common stock, membership interests or partnership interests of or in LINC, including options, warrants or rights to acquire any such interests, outstanding as of the Petition Date.
114. **"LINC Old Stock"** means, collectively, LINC Old Common Stock Interests and Old Preferred Stock of LINC.
115. **"LTI"** means Laidlaw Transportation, Inc., a Delaware corporation, one of the Debtors and a wholly-owned indirect subsidiary of LINC.
116. **"LTI Guaranty"** means the arrangements pursuant to which LTI guaranteed LINC's obligations, and is a co-borrower with LINC, with respect to the Prepetition Credit Facility and the Original Credit Agreement.
117. **"Montreal Trust"** means Montreal Trust Company of Canada, as Indenture Trustee under the 1991 Indenture.
118. **"Named Defendants"** means the parties listed on Exhibit VIII, in the specific capacities identified thereon.
119. **"National Securities Exchange"** means any exchange registered pursuant to section 6(a) of the Exchange Act, including the New York Stock Exchange, or the NASDAQ National Market or such other principal national automated quotation system.
120. **"New Common Stock"** means the shares of common stock, par value \$0.01 per share, of New LINC, authorized pursuant to the certificate of incorporation of New LINC, which term shall include the Share Purchase Rights, which are attached to, and trade with, such shares of common stock.
121. **"New LINC"** means the Delaware corporation that will be the ultimate parent holding company of the Reorganized Debtors, other than New LINC, and their direct and indirect subsidiaries after consummation of the Restructuring Transactions.
122. **"New LINC Notes"** means the senior notes or senior subordinated notes of New LINC issued pursuant to terms and conditions reasonably acceptable to the Debtors and the Subcommittees and in an aggregate principal amount of up to \$300,000,000.00, but not less than \$225,000,000.00, after giving effect to the Excess Cash Reduction, with a maturity, annual interest rate and other provisions based on market terms. The New LINC Notes will be issued pursuant to a trust indenture with an indenture trustee to be selected by New LINC.
123. **"New Tax Sharing Agreement"** means the tax sharing agreement among the Reorganized Debtors and certain of the other Laidlaw Companies, substantially in the form of Exhibit IX.
124. **"Non-indemnified Tax"** means a Tax that would not be imposed in respect of a distribution under the Plan but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such distribution or a person related under the relevant applicable law to such recipient (including a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction or being or having been organized, present or engaged in a trade or business in such jurisdiction or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a distribution under, or enforced by, the Plan).
125. **"Old Common Stock of . . ."** means, when used with reference to a particular Debtor or Debtors, the common stock, membership interests or partnership interests issued by such Debtor or Debtors, including options, warrants or rights to acquire any such interests, outstanding as of the Petition Date.

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126. **"Old Preferred Stock of . . ."** means, when used with reference to a particular Debtor or Debtors, the preferred shares, without par value, of such Debtor or Debtors, including options, warrants or rights to acquire any such shares, outstanding as of the Petition Date.
127. **"Ordinary Course Professionals Order"** means the Order Authorizing Debtors and Debtors in Possession to Retain, Employ and Pay Certain Professionals in the Ordinary Course of their Businesses, as entered by the Bankruptcy Court on or about July 16, 2001.
128. **"Original Credit Agreement"** means, collectively, the 1996 Credit Agreement and those certain prior bilateral credit arrangements entered into with LINC, LTI or certain of their Affiliates and refinanced by the 1996 Credit Agreement.
129. **"Other Interests"** means all Interests in the Debtors other than LINC.
130. **"PBGC"** means the Pension Benefit Guaranty Corporation, a United States Government agency that administers the mandatory termination insurance program for defined benefit pension plans under ERISA.
131. **"PBGC Agreement"** means the settlement agreement between the Debtors and the PBGC pursuant to terms and conditions reasonably acceptable to the Subcommittees relating to the Claims asserted by the PBGC against the Estates regarding the funding levels of the Pension Plans.
132. **"Penalty Claims"** means Secured or Unsecured Claims against the Debtors for any fine, penalty or forfeiture, or for multiple, exemplary or punitive damages, to the extent that such fine, penalty, forfeiture or damages are not compensation for actual pecuniary loss suffered by the holder of such Claim.
133. **"Pension Plans"** means the following tax-qualified, defined benefit pension plans sponsored by the Laidlaw Companies and covered by Title IV of ERISA: (a) Greyhound Lines, Inc. Salaried Employees Defined Benefit Plan; (b) Greyhound Lines Inc. Amalgamated Transit Union Local 1700 Retirement & Disability Plan; (c) Texas New Mexico and Oklahoma Coaches, Inc. Employees Retirement Plan; (d) Vermont Transit Co., Inc. Employees Pension Plan; (e) Carolina Coach Company Pension Plan; (f) Carolina Coach Company International Association of Machinists Pension Plan; and (g) Carolina Coach Company Amalgamated Transit Union Pension Plan, which, after due inquiry, the Laidlaw Companies believe are the only tax-qualified defined benefit pension plans sponsored by the Laidlaw Companies that are covered by Title IV of ERISA.
134. **"Petition Date"** means June 28, 2001.
135. **"PIK Debenture"** means the \$350,000,000.00 pay-in-kind convertible debenture issued by Rollins in connection with the purchase of certain indirect subsidiaries of LTI.
136. **"Plan"** means this joint plan of reorganization for the Debtors, to the extent applicable to any Debtor, and all Exhibits attached hereto or referenced herein, as the same may be amended, modified or supplemented in accordance with their terms or the terms hereof.
137. **"Postpetition Financing Claims"** means Claims held by the DIP Lenders on account of the Debtors' obligations under the DIP Facility.
138. **"Prepetition Credit Facility"** means that certain amended and restated credit agreement, dated as of February 24, 1999, as amended, modified and supplemented from time to time, among LINC and LTI, as borrowers, the Lenders, the Program Manager and the Administrative Agent.
139. **"Prepetition Indentures"** means, collectively, the 1991 Indenture, the 1992 Indenture and the 1997 Indenture.

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140. **"Prepetition Noteholder Claims"** means all Claims arising under any of the Prepetition Indentures or Prepetition Notes issued under such indentures, other than Subordinated Prepetition Noteholder Claims.

141. **"Prepetition Noteholder Representatives"** means the persons or entities designated by the Prepetition Noteholders to serve on the Director Selection Committee.

142. **"Prepetition Noteholders"** means the holders of the Prepetition Notes and, solely for purposes of the releases given and received in Section IV.G and the limitations of liabilities set forth in Section XIII.B, each of their respective predecessors, successors and assigns.

143. **"Prepetition Noteholders' Subcommittee"** means those Prepetition Noteholders who are members of the Creditors' Committee.

144. **"Prepetition Notes"** means the respective series of unsecured notes issued under the Prepetition Indentures.

145. **"Prior Lenders"** means, collectively, each of the lenders, the managing agents, the documentary credit lenders, the administrative agent, the issuing banks that issued Letters of Credit and the program manager party to the 1996 Credit Agreement and each of the lenders, issuing banks and documentary credit lenders party to the bilateral credit arrangements entered into with LINC, LTI or certain of their affiliates (as defined in section 101(2) of the Bankruptcy Code) and refinanced by the 1996 Credit Agreement and, solely for purposes of the releases given and received in Section IV.G, the definition of Reserved Claims and the limitations of liabilities set forth in Section XIII.B, each of their respective predecessors, successors and assigns.

146. **"Priority Claim"** means a Claim that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

147. **"Priority Tax Claim"** means a Claim that is entitled to priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

148. **"Priority Tax Interest Rate"** means the federal mid-term rate specified under section 1274(d) of the Internal Revenue Code of 1986, as amended, available at the time of the Confirmation Hearing.

149. **"Professional"** means any professional employed in the Reorganization Cases pursuant to sections 327 or 1103 of the Bankruptcy Code.

150. **"Program Manager"** means CIBC, Inc. and any successor thereto appointed pursuant to section 6.08 of the Prepetition Credit Facility.

151. **"Pro Rata"** means:

a. when used with reference to a distribution of New Common Stock to holders of Allowed Claims in a single Class pursuant to Article III, proportionately so that with respect to a particular Allowed Claim in such Class, the ratio of (i)(A) the amount of New Common Stock distributed on account of such Claim to (B) the amount of such Claim, is the same as the ratio of (ii)(A) the amount of New Common Stock distributed on account of all Allowed Claims in such Class to (B) the amount of all Allowed Claims in such Class;

b. when used with reference to distributions of Cash to holders of Allowed Claims in a single Class pursuant to Article III, proportionately so that with respect to a particular Allowed Claim in such Class, the ratio of (i)(A) the amount of Cash distributed on account of such Claim to (B) the amount of such Claim, is the same as the ratio of (ii)(A) the amount of Cash distributed on account of all Allowed Claims in such Class to (B) the amount of all Allowed Claims in such Class; and

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c. when used with reference to a distribution to holders of Allowed Claims in multiple Classes pursuant to Article III, proportionately so that with respect to a particular Allowed Claim in such multiple Classes, the ratio of (i)(A) the amount distributed on account of such Claim to (B) the Adjusted Amount of such Claim if such Claim is in Class 4 or 5A or the estimated amount of such Claim if such Claim is in Class 6, is the same as the ratio of (ii)(A) the amount distributed on account of all Allowed Claims to the holders of Allowed Claims in such Classes, to (B) the sum of the Adjusted Amount of all Allowed Claims in Classes 4 and 5A and the estimated aggregate amount of Allowed Claims in Class 6 as determined by the Bankruptcy Court in the Class 6 Estimation Order.

152. "Quarterly Distribution Date" means the last Business Day of the month following the end of each calendar quarter after the Effective Date; *provided, however*, that if the Effective Date is within 45 days of the end of a calendar quarter, the first Quarterly Distribution Date will be the last Business Day of the month following the end of the first calendar quarter after the calendar quarter in which the Effective Date falls.

153. "Real Property Executory Contract and Unexpired Leases" means, collectively, all Executory Contracts and Unexpired Leases relating to a Debtor's interest in real property and any Executory Contracts and Unexpired Leases granting rights or interests related to or appurtenant to the applicable real property, including all easements; licenses; permits; rights; privileges; immunities; options; rights of first refusal; powers; uses; usufructs; reciprocal easement or operating agreements; vault, tunnel or bridge agreements or franchises; development rights; and any other interests in real estate or rights *in rem* related to the applicable real property.

154. "Recovery Actions" means all claims or causes of action held by the Debtors or their Estates (to the extent not released under the Plan or pursuant to transactions contemplated by the Plan), including, collectively and individually: (a) preference actions, fraudulent conveyance actions, rights of setoff and other claims or causes of action under sections 510, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code and other applicable bankruptcy or nonbankruptcy law; (b) claims or causes of action arising out of illegal dividend or similar theories of liability; (c) claims or causes of action based on piercing the corporate veil, alter ego liability or similar legal or equitable theories of recovery arising out of the ownership or operation of the Debtors; (d) claims or causes of action based on unjust enrichment; (e) claims or causes of action for breach of fiduciary duty, mismanagement, malfeasance or fraud; and (f) claims or causes of action relating to the provision of director and officer liability insurance or indemnification.

155. "Reinstated" or "Reinstatement" means rendering a Claim or Interest unimpaired within the meaning of section 1124 of the Bankruptcy Code. Unless the Plan specifies a particular method of Reinstatement, when the Plan provides that an Allowed Claim or Allowed Interest will be Reinstated, such Claim or Interest will be Reinstated, at New LINC's or the applicable Reorganized Debtor's sole discretion, in accordance with one of the following:

a. the legal, equitable and contractual rights to which such Claim or Interest entitles the holder will be unaltered; or

b. notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default:

i. any such default that occurred before or after the commencement of the applicable Reorganization Case, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, will be cured;

ii. the maturity of such Claim or Interest as such maturity existed before such default will be reinstated;

iii. the holder of such Claim or Interest will be compensated for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or applicable law; and

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iv. the legal, equitable or contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest will not otherwise be altered.

156. **"Rejection Damage Claim"** means a Claim arising from or in connection with the rejection of an Executory Contract or Unexpired Lease, pursuant to section 365 of the Bankruptcy Code.

157. **"Reorganization Case"** means: (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor in the Bankruptcy Court; and (b) when used with reference to all Debtors, the chapter 11 cases pending for the Debtors in the Bankruptcy Court.

158. **"Reorganized . . ."** means, when used in reference to a particular Debtor, such Debtor on and after the Effective Date.

159. **"Requisite Lenders"** means the Administrative Agent with respect to all Letters of Credit, and with respect to each Letter of Credit, the Lender that is the issuer of such Letter of Credit.

160. **"Reserved Cash"** means the aggregate principal amount of Cash to be placed in the Unsecured Claims Reserve for distribution to holders of Allowed Claims in Class 6, including any Cash dividends paid or payable on the Reserved Shares.

161. **"Reserved Claims"** means all claims the Prepetition Noteholders or the Bondholder Class Members may have against any third party other than: (a) the Debtors and their direct and indirect subsidiaries; (b) CIBC, the Program Manager, the Lenders, the Bridge Lenders, the Prior Lenders and their respective assignees, successors, affiliates (as defined in section 101(1) of the Bankruptcy Code), officers, directors, agents and advisors, in each case in connection with extensions of credit and credit accommodations under the Prepetition Credit Facility, the Original Credit Agreement and the Bridge Facility only, to the Debtors and their direct and indirect subsidiaries only; and (c) the Swap Counterparty, *provided, however*, that in all events claims against the Named Defendants shall constitute "Reserved Claims."

162. **"Reserved Shares"** means shares of New Common Stock to be placed in the Unsecured Claims Reserve for distribution to holders of Allowed Claims in Class 6.

163. **"Restructuring Transactions"** means, collectively, such transfers, mergers, consolidations, restructurings, dispositions, liquidations, dissolutions or other similar transactions as the Debtors, New LINC or the Reorganized Debtors, with the consent of the Subcommittees, may determine to be necessary or appropriate to effect a corporate restructuring of their respective businesses or otherwise to modify the overall corporate structure of New LINC and the Reorganized Debtors, including the transactions described on Exhibit X and contemplated to occur on or before the Effective Date.

164. **"Rights Agreement"** means the agreement, substantially in the form of Exhibit XI, pursuant to which each share of New Common Stock issued will be accompanied by one Share Purchase Right under the terms and conditions described therein.

165. **"Rollins"** means Rollins Environmental Services, Inc., a predecessor of Safety-Kleen.

166. **"Rollins Common Stock"** means the common stock, membership interests or partnership interests of or in Rollins, including options, warrants or rights to be acquire any such interests.

167. **"Safety-Kleen"** means Safety-Kleen Corp., a Delaware corporation and one of the Safety-Kleen Debtors.

168. **"Safety-Kleen Common Stock"** means the common stock, membership interests or partnership interests of or in Safety-Kleen, including options, warrants or rights to acquire any such interests, and outstanding on the date Safety-Kleen commenced cases under the Bankruptcy Code.

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169. "Safety-Kleen Debtors" means Safety-Kleen, and its United States subsidiaries that are debtors in bankruptcy cases filed under chapter 11 of the Bankruptcy Code and pending in the United States Bankruptcy Court for the District of Delaware (Consolidated Case No. 00-2303 (PJW)).

170. "Safety-Kleen Entities" means the Safety-Kleen Debtors, their non-Debtor subsidiaries, any entity in which the Safety-Kleen Debtors hold a direct or indirect equity interest and any creditor or equity security holder of any such entity, including any entity claiming by, through or derivatively of the Safety-Kleen Debtors and the Safety-Kleen Debtors' estates and creditors, but excluding in all events the Laidlaw Companies.

171. "Safety-Kleen Lenders" means, for purposes of the Safety-Kleen Settlement Agreement, the "Lenders" as defined in the Amended and Restated Credit Agreement, dated as of April 3, 1998, of Safety-Kleen and its direct and indirect subsidiaries, as amended.

172. "Safety-Kleen Parties" means, for purposes of the Safety-Kleen Settlement Agreement, collectively Safety-Kleen and its direct and indirect subsidiaries; Toronto Dominion (on behalf of itself, as a Safety-Kleen Lender and as administrative agent for the Safety-Kleen Lenders); the Safety-Kleen Lenders; the Official Committee of Unsecured Creditors in the chapter 11 cases of the Safety-Kleen Debtors; Cole Taylor Bank, as Indenture Trustee for the Safety-Kleen 9.25% Senior Notes due 2009 issued by Safety-Kleen and its direct and indirect subsidiaries; Robert W. Lyba; John W. Rollins, Jr.; David E. Thomas, Jr.; Henry B. Tippie; James L. Wareham; the Estate of John W. Rollins, Sr.; and Grover C. Wrenn.

173. "Safety-Kleen Proof of Claim" means the proof of claim filed by the Laidlaw Companies in the chapter 11 cases of the Safety-Kleen Debtors asserting liabilities against the Safety-Kleen Debtors in an amount not less than \$6,500,000.00, as the same may have been amended, modified or supplemented.

174. "Safety-Kleen Settlement Agreement" means the Settlement Agreement, dated as of July 18, 2002, by and among the Laidlaw Companies, the Creditors' Committee, the Subcommittees, the Safety-Kleen Parties and Toronto Dominion (as holder of the Westinghouse Note) that is attached hereto as Exhibit XII, as approved by the Bankruptcy Court, the Canadian Court and the United States Bankruptcy Court for the District of Delaware by Final Order.

175. "Safety-Kleen Settlement Claim" means the General Unsecured Claim of Safety-Kleen to be allowed in the amount of \$225,000,000.00 in accordance with the terms of the Safety-Kleen Settlement Agreement.

176. "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed by a particular Debtor, as required by section 521 of the Bankruptcy Code and the Official Bankruptcy Forms, as the same may have been or may be amended, modified or supplemented.

177. "Secondary Liability Claim" means a Claim that arises from a Debtor being liable as a guarantor of, or otherwise being jointly, severally or secondarily liable for, any contractual, tort or other obligation of another Debtor, including any Claim based on: (a) guaranties of collection, payment or performance; (b) indemnity bonds, obligations to indemnify or obligations to hold harmless; (c) performance bonds; (d) contingent liabilities arising out of contractual obligations or out of undertakings (including any assignment or other transfer) with respect to leases, operating agreements or other similar obligations made or given by a Debtor relating to the obligations or performance of another Debtor; (e) vicarious liability; (f) liabilities arising out of piercing the corporate veil, alter ego liability or similar legal theories; or (g) any other joint or several liability, including Claims for contribution or indemnification, that any Debtor may have in respect of any obligation that is the basis of a Claim.

178. "Secured Claim" means a Claim, other than a Claim arising under or with respect to the Prepetition Credit Facility, that is secured by a lien on property in which an Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to sections 506(a) and, if applicable, 1129(b) of the Bankruptcy Code.

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179. **"Securities Act"** means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, as now in effect or hereafter amended.

180. **"Share Purchase Right"** means the right of each holder of shares of New Common Stock to purchase one one-hundredth of a share of preferred stock of New LINC per share of New Common Stock held by such holder in accordance with the terms and conditions of the Rights Agreement.

181. **"Stipulation of Amount and Nature of Claim"** means a stipulation or other agreement between the applicable Debtor or Reorganized Debtor and a holder of a Claim or Interest, or an agreed Final Order of the Bankruptcy Court, establishing the amount and nature of a Claim or Interest.

182. **"Subcommittees"** means, collectively, the Lenders' Subcommittee and the Prepetition Noteholders' Subcommittee.

183. **"Subordinated 1995 Noteholder Claims"** means those Claims against certain of the Debtors relating to the 1995 Notes that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

184. **"Subordinated Debtholder Claims"** means, collectively, the Subordinated Prepetition Noteholder Claims, the 1995 Noteholder Claims and the Subordinated Safety-Kleen Debtholder Claims.

185. **"Subordinated LINC Old Common Stock Interest Holder Claims"** means those Claims against certain of the Debtors relating to Old LINC Common Stock Interests that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

186. **"Subordinated LINC Old Preferred Stock Interest Holder Claims"** means those Claims against certain of the Debtors relating to Old LINC Preferred Stock Interests that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

187. **"Subordinated Litigation Claims"** means, collectively, the Subordinated Stockholder Claims, the Subordinated Debtholder Claims and the Subordinated Safety-Kleen Claims, or Claims for reimbursement, indemnification or contribution allowed under section 502 of the Bankruptcy Code on account of such Claims.

188. **"Subordinated Prepetition Noteholder Claims"** means those Claims against certain of the Debtors relating to the Prepetition Notes that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

189. **"Subordinated Rollins Common Stockholder Claims"** means those Claims against certain of the Debtors relating to Rollins Common Stock that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

190. **"Subordinated Safety-Kleen Claims"** means those Claims against certain of the Debtors asserted by any of the Safety-Kleen Entities that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

191. **"Subordinated Safety-Kleen Common Stockholder Claims"** means those Claims against certain of the Debtors relating to Safety-Kleen Common Stock that are subject to subordination at law, in equity,

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pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

192. **"Subordinated Safety-Kleen Debtholder Claims"** means those Claims against certain of the Debtors relating to debt instruments issued by Safety-Kleen that are subject to subordination at law, in equity, pursuant to section 510 of the Bankruptcy Code or otherwise, including Claims based on alleged violations of securities laws, common law theories and other theories of recovery relating to the issuance, purchase or sale of securities.

193. **"Subordinated Stockholder Claims"** means, collectively, the Subordinated LINC Old Common Stock Interest Holder Claims, the Subordinated LINC Old Preferred Stock Interest Holder Claims, the Subordinated Safety-Kleen Common Stockholder Claims and the Subordinated Rollins Common Stockholder Claims.

194. **"Swap Counterparty"** means any Lender, any Prior Lender, any Bridge Lender, the Administrative Agent, CIBC, the Program Manager or any affiliate (as defined in section 101(2) of the Bankruptcy Code) thereof, in its capacity as a counterparty to any unsecured interest rate hedging agreement in respect of any interest rate risk arising in connection with or related to the indebtedness under the Prepetition Credit Facility, the Original Credit Facility or the Bridge Facility (provided, however, that such counterparty's claim (as defined in section 101(5) of the Bankruptcy Code) in connection with such interest rate hedging agreement is an Unsecured Claim solely against LINC and not against any affiliate (as defined in section 101(2) of the Bankruptcy Code) of LINC).

195. **"Tax"** means: (a) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority; or (b) any liability for payment of any amounts of the types described in clause (a) as a result of an entity being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

196. **"Tax Credit"** means any Tax credit, deduction in computing income or similar benefit by reason of any withholding or deduction made by LINC or New LINC in respect of a Gross-Up.

197. **"Third Party Disbursing Agent"** means an entity designated by the Debtors to act as a Disbursing Agent pursuant to Section VI.B.

198. **"Toronto Dominion"** means Toronto Dominion (Texas), Inc.

199. **"Tort Claim"** means any Claim that has not been settled, compromised or otherwise resolved and that: (a) arises out of allegations of personal injury, wrongful death, property damage, product liability or any similar legal theory of recovery; or (b) arises under any federal, state or local statute, rule, regulation or ordinance governing, regulating or relating to health, safety, hazardous substances or the environment.

200. **"Trust Indenture Act"** means the Trust Indenture Act of 1939.

201. **"United States Trustee"** means the United States trustee for Region 2 of the United States Trustee Program with responsibility for bankruptcy cases filed in the United States Bankruptcy Court for the Western District of New York.

202. **"Unsecured Bank Debt Claims"** means Claims for obligations arising from or related to the Debtors' Prepetition Credit Facility, including obligations with respect to any Letters of Credit drawn after the Petition Date and prior to the Effective Date, but excluding in all events Claims under certain interest rate, currency or other hedging agreements with the Debtors and certain letters of credit issued to the Debtors and drawn prior to the Effective Date to the extent such Claims do not arise under the Prepetition Credit Facility.

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203. "Unsecured Claim" means any Claim that is not an Administrative Claim, Cure Amount Claim, Priority Claim, Priority Tax Claim, Secured Claim or Intercompany Claim.

204. "Unsecured Claims Reserve" means the reserve of Reserved Shares and Reserved Cash, if any, established pursuant to Section VI.D for Claims in Class 6, which reserve will be maintained in trust for holders of Allowed Claims in Class 6 and will not constitute property of any of the Reorganized Debtors while held in the Unsecured Claims Reserve.

205. "Unsecured Trade Debt Claim" means any Unsecured Claim, other than a Rejection Damage Claim or other Claim for damages for the purchase price in respect of the sale of goods or rendition of services prior to the Petition Date in the ordinary course of the applicable Debtor's business.

206. "Unsecured Trade Debt Claims Cap" means the amount by which \$2,000,000.00 exceeds the aggregate amount of Unsecured Trade Debt Claims paid pursuant to any order of the Bankruptcy Court authorizing the payment of such Claims.

207. "U.S. Bank" means U.S. Bank National Association, as Indenture Trustee under the 1992 Indenture, the 1995 Indenture and the 1997 Indenture.

208. "Voting Deadline" means the deadline for submitting Ballots to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, as specified in the Disclosure Statement, the Ballots or related solicitation documents approved by the Bankruptcy Court.

209. "Westinghouse Guaranty" means the guaranty agreement under which LINC is a guarantor of the obligations of Safety-Kleen Services, Inc. under the Westinghouse Note.

210. "Westinghouse Note" means the \$60,000,000.00 promissory note issued by Safety-Kleen Services, Inc. to Westinghouse Electric Corporation, which later assigned such promissory note to Toronto Dominion.

211. "Westinghouse Note Claim" means a General Unsecured Claim in favor of Toronto Dominion (in its capacity as holder of the Westinghouse Note) arising from LINC's obligations under the Westinghouse Guaranty to be allowed in the amount of \$71,400,000.00 in accordance with the terms of the Safety-Kleen Settlement Agreement.

B. Rules of Interpretation and Computation of Time

1. Rules of Interpretation

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or Exhibit Filed or to be Filed means such document or Exhibit, as it may have been or may be amended, modified or supplemented pursuant to the Plan or Confirmation Order; (d) any reference to an entity as a holder of a Claim or Interest includes that entity's successors, assigns and affiliates (as defined in section 101(2) of the Bankruptcy Code); (e) all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) the words "herein," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) unless otherwise specified, all references to "dollars" or "\$" shall be in the currency of the United States; (h) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (i) subject to the provisions of any contract, certificate of incorporation, bylaw, similar constituent document, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan will

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be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules; and (j) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

2. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II

CLASSES OF CLAIMS AND INTERESTS

All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in the following Classes. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims as described in Section III.A, have not been classified and thus are excluded from the following Classes. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Classes.

A. Secured Claims and Unimpaired Classes of Unsecured Claims

1. **Class 1 (Secured Claims):** Secured Claims. Secured Claims against any Debtor, other than setoff Claims of any Lender.
2. **Class 2 (Priority Claims):** Priority Claims.
3. **Class 3 (Unsecured Trade Debt Claims):** Unsecured Trade Debt Claims.

B. Impaired Classes of Unsecured Claims and Interests

1. **Class 4 (Unsecured Bank Debt Claims):** Unsecured Bank Debt Claims. Unsecured Bank Debt Claims: (a) shall be allowed for all purposes relating to the Reorganization Cases in the aggregate amount of \$1,305,445,501.02 plus the amount of such Claims, if any, resulting from any draws on Letters of Credit prior to the Effective Date, without offset, defense or counterclaim; and (b) shall not be subject to any subordination or recharacterization under the Bankruptcy Code or applicable nonbankruptcy law.
2. **Class 5A (Prepetition Noteholder Claims):** Prepetition Noteholder Claims. Prepetition Noteholder Claims: (a) shall be allowed for all purposes relating to the Reorganization Cases in the aggregate amount of \$2,159,279,306.00, without offset, defense or counterclaim; and (b) shall not be subject to any subordination or recharacterization under the Bankruptcy Code or applicable nonbankruptcy law.
3. **Class 5B (1995 Noteholder Claims):** 1995 Noteholder Claims. 1995 Noteholder Claims: (a) shall be allowed for all purposes relating to the Reorganization Cases in the aggregate amount of \$93,362,960.00 without offset, defense or counterclaim; and (b) shall not be subject to any subordination or recharacterization under the Bankruptcy Code or applicable nonbankruptcy law.
4. **Class 6 (General Unsecured Claims):** General Unsecured Claims. General Unsecured Claims, which include the Safety-Kleen Settlement Claim and the Westinghouse Note Claim.
5. **Class 7 (Intercompany Claims):** Intercompany Claims. Intercompany Claims other than Intercompany Claims that are Administrative Claims.
6. **Class 8 (Penalty Claims):** Penalty Claims.

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7. **Class 9A (Subordinated Debtholder Claims):** Subordinated Debtholder Claims. Subordinated Debtholder Claims and any other Claims that are to be subordinated pursuant to section 510 of the Bankruptcy Code or otherwise (other than Claims classified in Class 8 or Class 9B).

8. **Class 9B (LINC Old Stock Interests; Subordinated Stockholder Claims; Subordinated Safety-Kleen Claims):** All Interests in LINC. Also included in this class are all Subordinated Common Stockholder Claims and Subordinated Safety-Kleen Claims.

9. **Class 10 (Other Interests):** Other Interests.

ARTICLE III

TREATMENT OF CLAIMS AND INTERESTS

A. Unclassified Claims

1. Payment of Administrative Claims

a. Administrative Claims in General

Subject to the Bar Date provisions herein, unless otherwise agreed by the holder of an Administrative Claim and the applicable Debtor or Reorganized Debtor and unless the consent of the Subcommittees has been obtained, each holder of an Allowed Administrative Claim will receive, in full satisfaction of such Administrative Claim, Cash equal to the allowed amount of such Administrative Claim either: (i) on the Effective Date; or (ii) if the Administrative Claim is not allowed as of the Effective Date, 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order or a Stipulation of Amount and Nature of Claim is executed by New LINC or the applicable Reorganized Debtor and the holder of the Administrative Claim.

b. Statutory Fees

On or before the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid in Cash equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 will be paid by the Reorganized Debtors in accordance therewith until the closing of the Reorganization Cases pursuant to section 350(a) of the Bankruptcy Code.

c. Ordinary Course Liabilities

Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business (including Administrative Trade Claims, Administrative Claims of Governmental Units for Taxes, Administrative Claims arising under contracts and leases of the kind described in Section V.F, Administrative Claims for reasonable fees and expenses incurred by or owed to each Indenture Trustee as provided in Section III.E.2, Administrative Claims for reasonable fees and expenses incurred by or owed to the Administrative Agent as provided in Section IV.F.5 and Administrative Claims for reimbursement of the reasonable fees and expenses of the professionals retained by the Subcommittees as provided in Section IV.F.5) will be paid by the applicable Reorganized Debtor pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Claims, without any further action by the holders of such Administrative Claims.

d. Claims Under the DIP Facility

Unless otherwise agreed by the DIP Lenders pursuant to the DIP Facility, on the Effective Date, Allowed Administrative Claims under or evidenced by the DIP Facility will be either: (i) paid in Cash equal to the amount of such Allowed Administrative Claims, or (ii) upon the agreement of the holders of such Claims,

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refinanced in connection with the establishment of the Exit Financing Facility and the issuance of the New LINC Notes.

e. **Claims for Substantial Contribution**

No party shall be permitted to assert a Claim for substantial contribution pursuant to section 503(b) of the Bankruptcy Code and, upon the Effective Date, all such Claims shall be deemed disallowed without further order of the Bankruptcy Court.

f. **Bar Dates for Administrative Claims**

i. **General Bar Date Provisions**

Except as otherwise provided in Sections III.A.1, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on New LINC and the Reorganized Debtors, pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than 30 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by the applicable Bar Date will be forever barred from asserting such Administrative Claims against the Debtors, New LINC, the Reorganized Debtors or their respective property, and such Administrative Claims will be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (A) 120 days after the Effective Date or (B) 90 days after the Filing of the applicable request for payment of Administrative Claims.

ii. **Bar Dates for Certain Administrative Claims**

A. **Professional Compensation**

Professionals or other entities asserting a Fee Claim for services rendered before the Effective Date must File and serve on the Reorganized Debtors and such other entities as may be designated by the Bankruptcy Rules, the Confirmation Order, the Fee Order or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; *provided, however*, that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court review or approval, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 90 days after the Effective Date or (2) 30 days after the Filing of the applicable request for payment of the Fee Claim.

B. **Ordinary Course Liabilities**

Holders of Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business, including Administrative Trade Claims, Administrative Claims of Governmental Units for Taxes, Administrative Claims arising under contracts and leases of the kind described in Section V.F, Administrative Claims for reasonable fees and expenses incurred by or owed to each Indenture Trustee as provided in Section III.E.2, Administrative Claims for reasonable fees and expenses incurred by or owed to the Administrative Agent as provided in Section IV.F.5 and Administrative Claims for reimbursement of the reasonable fees and expenses incurred by or owed to the professionals retained by the Subcommittees as provided in Section IV.F.5, will not be required to File or serve any request for payment of such Administrative Claims. Such Administrative Claims will be satisfied pursuant to Section III.A.1.c.

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C. Claims Under the DIP Facility

Holders of Administrative Claims under or evidenced by the DIP Facility will not be required to file or serve any request for payment of such Claims. Such Administrative Claims will be satisfied pursuant to Section III.A.1.d.

2. Payment of Priority Tax Claims

a. Priority Tax Claims

Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or Reorganized Debtor and subject to the consent of the Subcommittees, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction of its Allowed Priority Tax Claim, payment in full in Cash either (i) on the Effective Date or (ii) in deferred Cash payments over a period not exceeding six years from the date of assessment of such Priority Tax Claim. Deferred payments will be made in equal annual installments of principal, plus simple interest accruing from the Effective Date at the Priority Tax Interest Rate per annum on the unpaid portion of each Allowed Priority Tax Claim (or upon such other terms determined by the Bankruptcy Court to provide the holders of Priority Tax Claims with deferred Cash payments having a value, as of the Effective Date, equal to the allowed amount of such Priority Tax Claims). Unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or Reorganized Debtor and the consent of the Subcommittees has been obtained, the first payment on account of such Priority Tax Claim will be payable one year after the Effective Date or, if the Priority Tax Claim is not allowed within one year after the Effective Date, the first Quarterly Distribution Date after the date on which (i) an order allowing such Priority Tax Claim becomes a Final Order or (ii) a Stipulation of Amount and Nature of Claim is executed by the applicable Reorganized Debtor and the holder of such Priority Tax Claim.

b. Other Provisions Concerning Treatment of Priority Tax Claims

Notwithstanding the provisions of Section III.A.2.a, the holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with such Allowed Priority Tax Claim. Any such Claim or demand for any such penalty (i) will be subject to treatment in Class 8 and (ii) the holder of such Claim will not assess or attempt to collect such penalty from the Reorganized Debtors or their property.

B. Secured Claims and Unimpaired Classes of Unsecured Claims

1. Class 1 Claims (Secured Claims) are unimpaired. On the Effective Date, subject to the consent of the Subcommittees and unless otherwise agreed by the holder of an Allowed Secured Claim and the applicable Debtor or Reorganized Debtor, each holder of an Allowed Claim in Class 1 will receive treatment on account of such Allowed Claim in the manner set forth in Option A, B, C or D below, at the election of the applicable Debtor.

Option A: Allowed Claims in Class 1 with respect to which the applicable Debtor or Reorganized Debtor elects Option A will be paid in Cash, in full, by such Debtor or Reorganized Debtor.

Option B: Allowed Claims in Class 1 with respect to which the applicable Debtor or Reorganized Debtor elects Option B will be Reinstated.

Option C: Allowed Claims in Class 1 with respect to which the applicable Debtor or Reorganized Debtor elects Option C will be satisfied by the return of the collateral securing the applicable Secured Claim to the claimant.

Option D: Allowed Claims in Class 1 with respect to which the applicable Debtor or Reorganized Debtor elects Option D will be satisfied in accordance with such other terms and conditions as may be agreed upon by the applicable Debtor or Reorganized Debtor and the holders of such Allowed Claims.

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2. **Class 2 Claims (Priority Claims) are unimpaired.** On the Effective Date, each holder of an Allowed Priority Claim will receive Cash equal to the amount of such Claim.

3. **Class 3 Claims (Unsecured Trade Debt Claims) are unimpaired.** On the Effective Date, each holder of an Allowed Claim in Class 3 will be paid in full in Cash, subject to the Unsecured Trade Debt Claims Cap.

C. Impaired Classes of Unsecured Claims and Interests

As further provided below, each holder of an Allowed Claim in Classes 4, 5A and 6 will receive a Pro Rata share of up to \$950,000,000.00 in Cash (*i.e.*, the Exit Proceeds) (less \$36,611,991.00 (*i.e.*, the Cash to be distributed to holders of Allowed Claims in Class 5B)), any Excess Cash and all of the Distributable New Common Stock (less the number of shares of New Common Stock to be distributed to holders of Allowed Claims in Class 5B), it being understood that the sum of the proceeds of the term loan portion of the Exit Financing Facility and the principal amount of the New LINC Notes will equal at least \$950,000,000.00, *provided, however*, that the sum of the proceeds of the term loan portion of the Exit Financing Facility and the principal amount of the New LINC Notes will not be less than \$875,000,000.00, after giving effect to the Excess Cash Reduction. In no event shall the Exit Proceeds be less than \$875,000,000.00. In addition, the holders of Allowed Claims in Classes 4 and 5A will receive Pro Rata shares of the Guaranty Coverage Dispute Settlement Distribution (*i.e.*, \$88,000,000.00 in Cash for holders of Allowed Claims in Class 4 and \$22,000,000.00 in Cash for holders of Allowed Claims in Class 5A). Holders of Allowed Claims in Class 5B will receive Pro Rata shares of \$36,611,991.00 in Cash and a number of shares of New Common Stock such that the holders of Allowed Claims in Class 5B will recover a total of 87.5% of the Face Amount of such Claims. Any distribution of Excess Cash will result in a dollar-for-dollar reduction of up to \$75,000,000.00 in the aggregate principal amount of New LINC's post-Effective Date indebtedness. The Debtors shall effect such reduction with respect to the aggregate principal amount of the senior secured term loan of the Exit Financing Facility and/or the New LINC Notes at their discretion, subject to the \$75,000,000.00 aggregate cap described above. For purposes of calculating the estimated percentage recovery for Classes 4, 5A, 5B and 6, the value of the Distributable New Common Stock to be received by holders of Allowed Claims in those classes will be estimated based on the assumed aggregate shareholders' equity value of New LINC as at the Effective Date, as reflected in the projected financial information in the Disclosure Statement under "New LINC — Projected Financial Information." The realizable value of the New Common Stock received will differ from the assumed value, and the difference may be material.

1. **Class 4 Claims (Unsecured Bank Debt Claims) are impaired.** On the Effective Date, holders of Allowed Unsecured Bank Debt Claims will receive a Pro Rata share of \$88,000,000.00 in Cash. In addition, on the Effective Date, each holder of an Allowed Unsecured Bank Debt Claim will receive a Pro Rata share, measured according to the Adjusted Amount of Allowed Claims in Classes 4 and 5A and the aggregate amount of Allowed Claims in Class 6, as estimated by the Bankruptcy Court in the Class 6 Estimation Order, collectively, of (a) Excess Cash, (b) the Exit Proceeds (less \$36,611,991.00 (*i.e.*, the Cash to be distributed to holders of Allowed Claims in Class 5B)) and (c) the Distributable New Common Stock (less the number of shares of New Common Stock to be distributed to holders of Allowed Claims in Class 5B).

2. **Class 5A Claims (Prepetition Noteholder Claims) are impaired.** On the Effective Date, holders of Allowed Prepetition Noteholder Claims will receive a Pro Rata share of \$22,000,000.00 in Cash. In addition, on the Effective Date, holders of Allowed Prepetition Noteholder Claims will receive a Pro Rata share, measured according to the Adjusted Amount of Allowed Claims in Classes 4 and 5A and the aggregate amount of Allowed Claims in Class 6, as estimated by the Bankruptcy Court in the Class 6 Estimation Order, collectively, of (a) Excess Cash, (b) the Exit Proceeds (less \$36,611,991.00 (*i.e.*, the Cash to be distributed to holders of Allowed Claims in Class 5B)) and (c) the Distributable New Common Stock (less the number of shares of New Common Stock to be distributed to holders of Allowed Claims in Class 5B).

3. **Class 5B Claims (1995 Noteholder Claims) are impaired.** On the Effective Date, holders of Allowed 1995 Noteholder Claims will receive Pro Rata shares of \$36,611,991.00 in Cash and the number of shares of New Common Stock such that holders of Allowed Claims in Class 5B will recover a total of 87.5% of the Face Amount of such Claims. The number of shares of New Common Stock distributed to the holders of Allowed 1995 Noteholder Claims will be based on the reorganization equity value set forth in the Disclosure Statement.

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4. **Class 6 Claims (General Unsecured Claims) are impaired.** On the Effective Date, holders of Allowed General Unsecured Claims will receive a Pro Rata share, measured according to the Adjusted Amount of Allowed Claims in Classes 4 and 5A and the aggregate amount of Allowed Claims in Class 6, as estimated by the Bankruptcy Court in the Class 6 Estimation Order, collectively, of (a) Excess Cash, (b) the Exit Proceeds (less \$36,611,991.00 (*i.e.*, the Cash to be distributed to holders of Allowed Claims in Class 5B)) and (c) the Distributable New Common Stock (less the number of shares of New Common Stock to be distributed to holders of Allowed Claims in Class 5B).

5. **Class 7 Claims (Intercompany Claims) are impaired.** Except as otherwise provided in Section IV.N, no property will be distributed to, transferred to or retained by the Laidlaw Companies on account of Claims in Class 7 as part of any of the Restructuring Transactions or otherwise, and, except as specified in Exhibit X (relating to the Restructuring Transactions), such Claims will be discharged as of the Effective Date. Notwithstanding this treatment of Claims in Class 7, each of the Laidlaw Companies holding an Intercompany Claim in Class 7 will be deemed to have accepted the Plan.

6. **Class 8 Claims (Penalty Claims) are impaired.** No property will be distributed to or retained by the holders of Allowed Claims in Class 8 on account of such Claims.

7. **Class 9A Claims (Subordinated Debtholder Claims) are impaired.** No property will be distributed to or retained by the holders of Allowed Claims or Interests in Class 9A on account of such Claims or Interests.

8. **Class 9B Claims (LWC Old Stock Interests; Subordinated Stockholder Claims; Subordinated Safety-Kleen Claims) are impaired.** No property will be distributed to or retained by the holders of Allowed Claims or Interests in Class 9B on account of such Claims or Interests.

9. **Class 10 (Other Interests) are impaired.** Except to the extent impaired pursuant to the Restructuring Transactions, Interests in Class 10 will be Reinstated. Each of the holders of Interests in Class 10 will be deemed to have accepted the Plan.

D. Special Provisions Regarding the Treatment of Allowed Secondary Liability Claims

The classification and treatment of Allowed Claims under the Plan take into consideration all Allowed Secondary Liability Claims. On the Effective Date, Allowed Secondary Liability Claims will be treated as follows:

1. Allowed Secondary Liability Claims arising from or related to any Debtor's joint or several liability for obligations under any (a) Allowed Claim that is being Reinstated under the Plan or (b) Executory Contract or Unexpired Lease that is being assumed or deemed assumed by another Debtor or under any Executory Contract or Unexpired Lease that is being assumed by and assigned to another Laidlaw Company will be Reinstated.

2. Except as provided in Section III.D.1 or as otherwise specifically provided herein, holders of Allowed Secondary Liability Claims will be entitled to only one distribution in respect of the underlying Allowed Claim. No multiple recovery on account of any Allowed Secondary Liability Claim will be provided or permitted.

E. Special Provisions Regarding the Indenture Trustees' Claims

1. In full satisfaction of each Indenture Trustee's Claims, including such Claims secured by any charging lien under the applicable Prepetition Indenture and including Claims for reasonable fees, costs and expenses (including professional fees) attributable to the period prior to the Petition Date and through the Effective Date, the Indenture Trustees will receive from the Reorganized Debtors Cash equal to the amount of such Claims as provided in this Section III.E, and any charging lien held by such Indenture Trustee will be deemed released as of the Effective Date. Distributions received by holders of Allowed Claims in Class 5A pursuant to the Plan will not be reduced on account of the payment of the Indenture Trustees' Claims under this Section III.E.

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2. On the Effective Date, the Debtors shall pay in Cash in full all amounts outstanding with respect to reasonable fees for services and expenses incurred by and owed to each Indenture Trustee prior to the Petition Date and through the Effective Date under the terms of the applicable Prepetition Indenture.

ARTICLE IV

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan (and subject to the Restructuring Transaction provisions of Section IV.B), each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. Except as otherwise provided in the Plan, as of the Effective Date, all property of the respective Estates of the Debtors, and any property acquired by a Debtor or Reorganized Debtor under the Plan, will vest in the applicable Reorganized Debtor (or, to the extent contemplated by the Restructuring Transactions, in New LINC) free and clear of all Claims, liens, charges, other encumbrances and Interests. On and after the Effective Date, New LINC and each Reorganized Debtor may operate its businesses and may use, acquire and dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions under the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan, the Confirmation Order or the documents to be entered into to effectuate and implement the Restructuring Transactions. Without limiting the foregoing, New LINC and each Reorganized Debtor may pay the charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court, but subject to the approval of the Reorganized Debtors' respective boards of directors.

B. Restructuring Transactions

1. Restructuring Transactions Generally

On or after the Confirmation Date, the applicable Debtors or Reorganized Debtors may, subject to the consent of the Subcommittees, enter into such Restructuring Transactions and may take such actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or simplify the overall corporate structure of the Reorganized Debtors. The Restructuring Transactions contemplated to occur on or before the Effective Date are described more fully on Exhibit X. Such restructuring may include one or more mergers, consolidations, restructurings, dispositions, liquidations or dissolutions, as may be determined by the Debtors or New LINC and the Reorganized Debtors to be necessary or appropriate. The actions to effect these transactions may include: (a) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law and such other terms to which the applicable entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (c) the filing of appropriate certificates or articles of merger, consolidation, continuance or dissolution or similar instruments with the applicable governmental authority; and (d) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with such transactions.

2. Obligations of Any Successor Corporation in a Restructuring Transaction

Subject to the consent of the Subcommittees, the Restructuring Transactions may include one or more mergers, consolidations, restructurings, dispositions, liquidations or dissolutions, as may be determined by the Debtors or New LINC and the Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting or acquiring corporations, including New LINC. In each case in which the surviving, resulting or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such

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surviving, resulting or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that New LINC or another Reorganized Debtor will perform such obligations.

C. Corporate Governance, Directors and Officers, Employment-Related Agreements and Compensation Programs

1. Certificates of Incorporation and Bylaws

a. New LINC

As of the Effective Date, the certificate of incorporation and the bylaws of New LINC will be substantially in the forms of Exhibits XIII and XIV, respectively. The certificate of incorporation and bylaws of New LINC, among other things, will: (i) prohibit the issuance of nonvoting equity securities to the extent required by section 1123(a) of the Bankruptcy Code; and (ii) authorize the issuance of New Common Stock in an amount not less than the amount necessary to permit the distributions thereof required or contemplated by the Plan. After the Effective Date, New LINC may amend and restate its certificate of incorporation or bylaws as permitted by the Delaware General Corporation Law, subject to the terms and conditions of such constituent documents.

b. Reorganized LINC and Reorganized Laidlaw Subsidiary Debtors

The certificates of incorporation and the bylaws of Reorganized LINC and the Reorganized Laidlaw Subsidiary Debtors will be substantially in the forms of Exhibits XV and XVI, respectively. As of the Effective Date, the certificates of incorporation of Reorganized LINC and the Reorganized Laidlaw Subsidiary Debtors will be amended to prohibit the issuance of nonvoting equity securities to the extent required by section 1123(a) of the Bankruptcy Code. After the Effective Date, each such entity may amend and restate its certificate of incorporation or bylaws or similar constituent documents as permitted by applicable law, subject to the terms and conditions of such constituent documents.

2. Directors and Officers of New LINC and the Reorganized Debtors

The members of the initial board of directors of New LINC will be individuals recommended by the Director Selection Committee. No Debtor Representative on the Director Selection Committee will be eligible to serve on the board of directors or as an officer of New LINC or any of the other Reorganized Debtors. The Director Selection Committee will use all commercially reasonable efforts and work in good faith to recommend a consensus slate of directors of New LINC, including with respect to the terms and classifications of such directors. In addition to the Chief Executive Officer of New LINC, it is contemplated that the Director Selection Committee may recommend one or more current directors of LINC as members of the initial board of directors of New LINC. If the Director Selection Committee fails to recommend a consensus slate on or before the date that is 30 days prior to the date initially scheduled for the Confirmation Hearing, then the Prepetition Noteholders' Subcommittee will be entitled to designate five directors, the Lenders' Subcommittee will be entitled to designate three directors and the Chief Executive Officer of New LINC will be the ninth director of New LINC. In such event, the Prepetition Noteholders' Subcommittee and the Lenders' Subcommittee must designate their respective directors of New LINC prior to the commencement of the Confirmation Hearing. The individuals who will serve as members of the initial board of directors of New LINC will be identified on Exhibit XVII, which will be filed prior to the commencement of the Confirmation Hearing. The certificate of incorporation and bylaws of New LINC will provide that the directors of New LINC will be classified into three classes, with the directors of each class serving for three-year terms and until their successors are elected, except that the initial terms of the initial directors will expire at the 2003, 2004 and 2005 annual meetings of the stockholders of New LINC, depending on the particular class in which each such director is classified. In accordance with the Delaware General Corporation Law and the certificate of incorporation and bylaws of New LINC, at each annual meeting of stockholders of New LINC, the successors of the directors whose terms expire at that meeting shall be elected by plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. In accordance with the certificate of incorporation of New LINC, the number of directors in each class will

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be as nearly equal in size as practicable. Exhibit XVII will identify the class into which each director of New LINC has been placed in accordance with the provisions of New LINC's certificate of incorporation and bylaws. In all events, each class of directors shall include at least one director designated by the Prepetition Noteholders' Subcommittee and at least one director designated by the Lenders' Subcommittee. The initial board of directors of New LINC shall designate the officers of New LINC and the directors and officers of each of the Reorganized Debtors, which officers and directors will be identified on Exhibit XVII, as amended subsequent to the initial filing of the Plan.

3. New Employment, Retirement, Indemnification and Other Related Agreements and Incentive Compensation Programs

As of the Effective Date, New LINC and the Reorganized Debtors will have authority to: (a) maintain, amend or revise existing employment, retirement, welfare, incentive, severance, indemnification and other agreements with their active directors, officers and employees, subject to the terms and conditions of any such agreement; (b) enter into new employment, retirement, welfare, incentive, severance, indemnification and other related agreements for active and retired employees; and (c) make initial grants under the Equity Incentive Plan, as determined by New LINC's and the Reorganized Debtors' boards of directors. Exhibit XVIII sets forth a list of the employment retirement, welfare, incentive, severance, indemnification and other related agreements and plans that will be in effect on the Effective Date, and Exhibit V sets forth a description of the Equity Incentive Plan that will take effect as of the Effective Date, all of which agreements and plans, including the Equity Incentive Plan, shall be deemed approved and in full force and effect as of and following the Effective Date, subject to the consent of the Subcommittees to be given prior to the Effective Date. In addition, the Disclosure Statement provides a schedule and a summary and description of the Debtors' employment, retirement, severance, indemnification and other related agreements and incentive compensation programs that are to take or remain in effect on or as of the Effective Date. Notwithstanding anything to the contrary in the Plan, the terms and conditions of the Equity Incentive Plan (including eligibility requirements and the allocation of any New Common Stock or other consideration reserved thereunder) shall be established and determined by the board of directors of New LINC.

4. Corporate Action

The Restructuring Transactions; the adoption of new or amendments to certificates of incorporation or bylaws or similar constituent documents for New LINC and the Reorganized Debtors; the initial selection of directors and officers for New LINC and the Reorganized Debtors; the entry into the Exit Financing Facility; the issuance of the New LINC Notes; the distribution of Cash pursuant to the Plan; the issuance and distribution of New Common Stock pursuant to the Plan; the adoption, execution, delivery and implementation of all contracts, leases, instruments, releases and other agreements or documents related to any of the foregoing; the adoption, execution and implementation of employment, retirement and indemnification agreements, incentive compensation programs, retirement income plans, welfare benefit plans and other employee plans and related agreements, including the Equity Incentive Plan and the plans and agreements described in Exhibit XVIII; the entry into the New Tax Sharing Agreement; and the other matters provided for under the Plan involving the corporate structure of New LINC, any Debtor or Reorganized Debtor or corporate action to be taken by or required of New LINC, any Debtor or Reorganized Debtor will occur and be effective as of the date specified in the documents effectuating the applicable Restructuring Transactions or the Effective Date, if no such other date is specified in such other documents, and will be authorized and approved in all respects and for all purposes without any requirement of further action by stockholders or directors of any of the Debtors, New LINC or the Reorganized Debtors, except as otherwise required by the Plan, and all with like effect as if such actions had been taken by unanimous vote of the shareholders and directors of the Debtors, New LINC or the Reorganized Debtors, as applicable, pursuant to section 303 of the Delaware General Corporation Law or other similar provisions of applicable state law. Notwithstanding anything to the contrary in the Plan, the terms and conditions of the Equity Incentive Plan (including eligibility requirements and the allocation of any New Common Stock or other consideration reserved thereunder) shall be established and determined by the board of directors of New LINC.