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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN FRANCISCO

ENVIRONMENTAL LAW FOUNDATION,)	
OUR CHILDREN'S EARTH FOUNDATION,)	CASE NO. CGC 06-451832
COMMUNITIES FOR A BETTER)	
ENVIRONMENT, and DOES 1 through 100,)	[PROPOSED]
On Behalf of the General Public,)	STIPULATED JUDGMENT
)	
Plaintiffs,)	
)	Case Filed: May 2, 2006
v.)	
)	Hon. Ernest H. Goldsmith
LIDLAW TRANSIT INC.)	
dba LIDLAW EDUCATION SERVICES,)	
LIDLAW TRANSIT SERVICES, INC.;)	
and DOES 1 through 100, inclusive,)	
)	
Defendants.)	

RECITALS

WHEREAS,

a. Laidlaw Transit, Inc., doing business as Laidlaw Education Services owns and operates School Buses throughout the State of California;

b. Laidlaw Transit Services, Inc. owns and operates municipal transit buses throughout the State of California and has no School Buses in its fleet, but did own approximately 20 School Buses in or around May and June of 2005;

1 c. plaintiffs Environmental Law Foundation (“ELF”), Our Children’s Earth (“OCE”), and
2 Communities for a Better Environment (“CBE”) brought this action against Operator seeking
3 preliminary and permanent injunctive relief and penalties under California’s Proposition 65, The Safe
4 Drinking Water and Toxic Enforcement Act, California Health and Safety Code § 25249.6, et seq.
5 (“Proposition 65” or “Act”), alleging that operator had exposed passengers to diesel engine exhaust
6 without providing a warning pursuant to the Act;

7 d. Operator denies that it has violated Proposition 65 or any other provision of law;

8 e. Plaintiffs and Operator (collectively “the Parties”) wish to resolve all claims in this
9 action;

10 f. without any admission of liability, the Parties consent to the entry of this Stipulated
11 Judgment to resolve all of the claims in this action;

12 g. there are unique circumstances in this case including but not limited to ongoing litigation
13 between some of the Parties, necessitating an agreement regarding future statements about this action,

14 THEREFORE, THE PARTIES HEREBY AGREE AND IT IS ADJUDGED AND ORDERED
15 AS FOLLOWS:

16 TERMS AND CONDITIONS

17 **1. Definitions**

18 The following terms are defined as follows:

19 (a) “Approved Diesel Emission Control Strategy” shall mean those devices listed on
20 Schedule 1.0, attached to and made a part of this Stipulated Judgment. Should additional
21 Level II or III devices be verified by CARB in the future which Laidlaw believes: 1) can be
22 verified for use only with tested engines that meet minimum exhaust temperature
23 requirements for a specified portion of each bus’s duty cycle; 2) not cause material negative
24 impacts to the bus’ operating ability; 3) pose no safety hazards for passengers; and 4) are
25 economically reasonable to use on its fleet, Laidlaw reserves the right to add additional
26 devices to Schedule 1.0 and Plaintiffs agree not to unreasonably object to the addition of
such devices.

- 1 (b) "CARB" shall mean the California Air Resources Board.
- 2 (c) "Effective date" shall mean the date the Judge signs this Stipulated Judgment.
- 3 (d) "Existing Fleet" shall mean a school bus fleet that was in operation on July 1, 2008.
- 4 (e) "Existing School Bus" shall mean a bus operating as part of an Existing Fleet.
- 5 (f) "Gross Vehicle Weight Rating ("GVWR") shall mean the weight rating of a vehicle.
- 6 (g) "Level II" shall mean those technologies achieving at least 50 percent or greater
7 reduction in particulate matter.
- 8 (h) "Level III" shall mean those technologies achieving at least an 85 percent or greater
9 reduction in particulate matter or less than 0.01 g/bhp-hr emission level.
- 10 (i) "Operator" shall mean defendants Laidlaw Transit, Inc. and Laidlaw Transit Services,
11 Inc.
- 12 (j) "Plaintiffs" shall mean the Environmental Law Foundation, Our Children's Earth, and
13 Communities for a Better Environment.
- 14 (k) "Retrofit" shall mean to modify with a CARB Approved Diesel Emission Control
15 Strategy.
- 16 (l) "School" shall mean any public or private school used for the purpose of education and
17 instruction of school pupils but does not include any private school in which education and
18 instruction is primarily conducted in private homes.
- 19 (m) "School Bus" shall mean any vehicle used for the express purpose of transporting
20 students from home to School and to any School related activities.
- 21 (n) "School Bus Fleet" shall mean any group of one or more School Buses.
- 22 (o) "Year of Delivery" shall mean no more than 12 months from the date the School Bus is
23 delivered to the School Bus Fleet operator.

24 **2. Exhibit A list of Non-Exempt Buses:** Within forty five (45) days after the Effective
25 date, Operator shall provide Plaintiffs' designated representative with a list of all non-
26 exempt School Buses in its California School Bus Fleet that are subject to fleet

1 modernization obligations set forth in Section 7 below, which will include the vehicle's
2 VIN (referred to hereafter as the "Exhibit A" list).

3 **3. Exhibit B list of Exempt Buses:** Within forty five (45) days after the Effective date,
4 Operator shall provide Plaintiffs' designated representative with a list of all School Buses
5 in its California School Bus Existing Fleet that are exempt from fleet modernization
6 obligations set forth in Section 7 below, (referred to hereafter as the "Exhibit B" list), as
7 follows:

- 8 (a) All School Buses that are model years of 2003 or newer;
- 9 (b) All non-diesel School Buses;
- 10 (c) School Buses 8,500 lbs. GVWR or less;
- 11 (d) "for sale" School Buses;
- 12 (e) DDS (driver training) School Buses;
- 13 (f) "excess" School Buses;
- 14 (g) School Buses used for any other purpose other than School Busing; and
- 15 (h) all School Buses that have been Retrofitted to meet the standards herein.

16 Exhibits A and B shall collectively reflect all School Buses in Operator's California fleet subject to this
17 Stipulated Judgment.

18 **4. Transfer of School Buses from B to A lists:** If a pre-2003 diesel School Bus on the Exhibit B
19 list is taken back into the system for School transportation for more than twenty (20) days in any School
20 year, the School Bus shall become subject to the Fleet Modernization requirements in Section 7, below.
21 However, the School Bus will immediately be subject to the warning requirements set forth in Section
22 15 below, when placed into service as a School Bus.

23 **5. Transfer of School Buses from A to B lists:** If a School Bus contract is lost and School Buses
24 on Exhibit A are therefore sold or transferred out of California, those School Buses will be removed
25 from Fleet Modernization requirements in Section 7, below.

26 **6. Confidentiality of Bus Lists:** Exhibits A and B shall be kept confidential by all Parties,
including after the termination of this Stipulated Judgment. If necessary for an enforcement action,

1 Plaintiffs may submit these documents, and any other documents produced to or created by the auditor
2 under section 13, to a Court under seal.

3 **7. Fleet Modernization**

4 (a) Laidlaw shall use "commercially reasonable" efforts to retrofit or otherwise upgrade
5 100% of the School Buses on the Exhibit A list over seven years. "Commercially reasonable" is
6 defined with a goal of 100% compliance in seven years, but once the capital spending obligations
7 set forth in the chart below have been met, the remedy will be complete.

8 (b) Capital expenditure obligations: In addition to the minimum Retrofit expenditures set
9 forth below in column B (which total \$4.7 million by the end of year 5), Operator will spend
10 \$23.6 million over the course of seven years, as set forth below in column C, on "additional fleet
11 modernization," which will consist of replacements and/or additional Retrofits at Operator's sole
12 discretion.

13

A	B	C
Year	Minimum to be spent on Approved Diesel Emission Control Strategy for Exhibit A List School Buses (\$ mil)	Additional fleet modernization (\$ mil)
1	\$0	\$0.9
2	0	1.4
3	3.0*	2.4
4	1.0	3.4
5	0.7	3.7
6	0	5.5
7	0	6.3
Totals	\$4.7	\$23.6

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* cumulative over years 1-3

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3 **8. Scope of Capital Expenditures**

4 (a) Retrofits: The minimum Retrofit expenditures set forth in column B of section 7 herein
5 shall consist of money paid to third party vendors for the purchase and initial installation of
6 capital equipment. All costs, including labor, of operating and maintaining such equipment will
7 be born by Operator and shall not be counted towards capital expenditure totals.

8 (b) Additional Fleet Modernization: To the extent Operator expends capital to modernize its
9 School Bus fleet through vehicle purchases, such funds will only count towards Operator's
10 capital expenditure obligations if they relate to the purchase or capital lease of a vehicle. In the
11 case of a purchase, the price invoiced will be the dollar amount allocated to the fleet
12 modernization. In the case of a capital lease, the initial purchase price or acquisition price to a
13 lessor will be the dollar amount allocated to the fleet modernization.

14 (c) Timing: For purposes of defining years one through seven of Section 7, above, "year 1"
15 shall be defined as September 1, 2008 through August 31, 2009, and each subsequent year shall
16 be defined accordingly (i.e., beginning on September 1 and ending on August 31).

17 **9. Capital expenditure carryover**: To the extent that Operator invests more than the minimum
18 amounts set forth in section 7, above, Operator may carry over any and all excess amounts from year to
19 year and count towards its total obligations.

20 **10. Retrofit subsidies**: Operator can use public or private Retrofit subsidies towards its total capital
21 expenditure obligations in Section 7. For example, if Operator obtains "Carl Moyer" or other
22 government subsidies to obtain Approved Diesel Emission Control Strategies, Operator may count the
23 value of that funding towards its Section 7 obligations. Carry-over applies to public funding received.

24 **11. Settlement Payment in Lieu of Penalties:**

25 (a) Operator shall pay the following amount to plaintiffs: two million five hundred thousand
26 dollars (\$2,500,000) in year one; two million one hundred thousand dollars (\$2,100,000) in year
two; and two million dollars (\$2,000,000) in year three, to be allocated as determined by

1 Plaintiffs, with any proposed distribution to be subject to review and approval pursuant to Cal.
2 Health and Safety Code §25249.7(f). These sums include all attorney fees, costs and residual
3 settlement to Plaintiffs.

4 (b) The first year payment shall be due in lump sum 30 days after the Effective date. The
5 second year payment shall be due in lump sum one year and 30 days after the Effective date. The
6 third year payment shall be due in lump sum two years and 30 days after the Effective date.

7 (c) All payments set forth in this section shall be made by certified check, bank check or
8 cashier's check to "Baron & Budd, P.C. Attorney Trust Fund Account," and shall be delivered
9 by overnight mail or hand delivery to Baron & Budd, P.C., attn: Laura Baughman, 3102 Oak
10 Lawn Avenue, Suite 1100, Dallas, TX 75219.

11 **12. Reporting**

12 (a) On or before October 15 of each year, beginning October 15, 2009, Operator will
13 represent in writing under penalty of perjury, with copies of such writing to be provided to a
14 designated representative for Plaintiffs and the neutral third party auditor (described in Section
15 13 below):

16 (i) which buses (including the VIN) received retrofits and the retrofit technology
17 installed on each, or were purchased towards the capital expenditure obligations during
18 the reporting period at issue; and

19 (ii) How much money was spent on retrofits and purchases of new buses during that
20 same reporting period.

21 (b) Within ten days after the production of the Exhibit A and B lists, Operator will request
22 from the California Department of Motor Vehicles ("DMV") a list of all School Buses in its
23 California fleet. Within ten days after receiving a list from DMV, Operator will provide
24 Plaintiffs' designated representative with a copy of the DMV list. The DMV list will be kept
25 confidential by Plaintiffs, including after termination of this Stipulated Judgment.

26 **13. Neutral Third Party auditor**

1 (a) The Parties shall designate by mutual agreement one of the entities listed on Schedule 13
2 as a neutral third party auditor in this matter within sixty (60) days of the Effective Date of this
3 Agreement.

4 (b) Operator will on an annual basis on or before October 15 of each year, beginning October
5 15, 2009, give copies of proof of payment (including purchase orders and invoices or lease
6 acquisition schedules that identify buses by VIN) and related evidence of payments to third party
7 vendors to the Auditor who will review such documentation (and other such documentation as
8 the Auditor in its sole discretion may reasonably require to confirm Section 7 capital
9 expenditures) to certify Operator's representations in Section 12. On or before October 15 of
10 each year, beginning October 15, 2009, Operator will provide the Auditor with an update of its
11 Exhibit A and Exhibit B lists (which shall be kept confidential, including after the termination of
12 this Stipulated Judgment).

13 (c) Plaintiffs may review the Auditor's Section 13(b) records at the Auditor's office upon
14 request to the Auditor and at Plaintiffs' sole expense. Such documentation shall not be copied
15 and shall remain within the control of the Auditor. The contract with the Auditor shall state that
16 "on or before December 15 of each year, beginning December 15, 2009, the Auditor shall
17 prepare a report to Operator and the Plaintiffs' designated representative (the "Auditor's
18 Report"), reporting on Operator's capital expenditure, whether Operator has complied with its
19 capital expenditure obligations for the time period at issue, and whether any under-spending or
20 capital expenditure carry-overs exist."

21 (d) Operator will pay the neutral third party auditor up to \$15,000 per year to perform its
22 audit of Operator's records.

23 **14. Liquidated Damages**

24 (a) On or before forty five(45) days after Operator receives the Auditor's Report regarding
25 its retrofit obligations for years one through three (1-3), Laidlaw shall pay liquidated damages
26 equal to 25% of any under-spent amount on retrofits for years one through three (1-3).

1 (b) On or before forty five (45) days after Operator receives the Auditor's Report regarding
2 its retrofit obligations for year four (4), Operator shall pay liquidated damages equal to 25% of
3 any under-spent amount for retrofits for year four (4).

4 (c) On or before forty five (45) days after Operator receives the Auditor's Report regarding
5 its retrofit obligations for year five (5), Operator shall pay liquidated damages equal to 25% of
6 any under-spent amount for retrofits for year five (5).

7 (d) On or before forty five (45) days after Operator receives the Auditor's Report regarding
8 its "additional fleet modernization" obligations for years one through four (1-4), Operator shall
9 pay liquidated damages equal to ten percent (10%) of any under-spent amount on "additional
10 fleet modernization" for years one through four (1-4).

11 (e) On or before forty five (45) days after Operator receives the Auditor's Report regarding
12 its "additional fleet modernization" obligations for year five (5), Operator shall pay liquidated
13 damages equal to ten percent (10%) of any under-spent amount for "additional fleet
14 modernization" for year five (5).

15 (f) On or before forty five (45) days after Operator receives the Auditor's Report regarding
16 its "additional fleet modernization" obligations for years six and seven (6 and 7), Operator shall
17 pay liquidated damages equal to ten percent (10%) of any under-spent amount for years six and
18 seven (6 and 7).

19 (g) Payment of a penalty pursuant to this section does not excuse Operator from compliance
20 with Operator's expenditure commitments set forth in Section 7 above. Even if Operator pays a
21 penalty for falling short of its expenditure commitments set forth in section 7 above in years
22 three, four, five and or seven (3, 4, 5 and/or 7), Operator commits pursuant to this Stipulated
23 Judgment to pay the full amounts set forth in this Stipulated Judgment on retrofits and
24 "additional fleet modernization," unless:

25 (i) there are no School Buses on Exhibit A, in which case no penalties or liquidated
26 damages will be assessed for the "under spent amount;" or

1 (ii) a *force majeure* event occurs (as more fully described in Section 22, below), in
2 which case no penalties or liquidated damages will be assessed for the “under spent
3 amount”.

4 (h) Any liquidated damages will be treated as penalties under Proposition 65, and shall be
5 paid seventy five percent (75%) to the State of California to the funds identified in Proposition
6 65 (Health and Safety Code section 25249.12) and twenty five percent (25%) to Plaintiffs, in the
7 manner described in section 11(c), above.

8 (i) If (a) Operator does not contest the Auditor’s Report(s) prepared pursuant to section 13
9 herein, or (b) if Operator contests the Auditor’s report and it is determined by the Court that
10 such contest was with merit, the parties agree that no attorney’s fees will be awarded for
11 enforcement of sections 14(a) through 14(g) herein. If Operator contests the Auditor’s Report(s)
12 prepared pursuant to section 13 herein and the Court determines that such contest was without
13 merit, the parties agree that the maximum amount of attorney’s fees that may be awarded for
14 enforcement of the Stipulated Judgment will be limited to twenty five thousand dollars (\$25,000)
15 per Auditor Report contested.

16 **15. Warning**

17 (a) Within ninety (90) days after the Effective date, Operator shall post the following
18 warning on all (i) Exhibit A list buses; (ii) DDS training buses; and (iii) Exhibit B list excess
19 buses that are temporarily used to bus students:

20 **WARNING: This vehicle contains chemicals known to the State of California to**
21 **cause cancer and/or reproductive toxicity.**

22 (b) Warnings shall be in the form of a placard on each bus in a reasonable location where
23 students and driver are likely to see it, and shall be substantially similar to the warning set forth
24 in Schedule 15, attached to and made a part of this Stipulated Judgment.

25 **16. Plaintiffs’ Application for Attorney Fees.** Operator will not oppose any application for
26 attorney fees and costs by Plaintiffs from moneys paid under Section 11.

1 17. **Support for retrofit applications.** Plaintiffs will not oppose Operator's applications for public
2 or private grant monies for retrofits and replacements and will take no actions to encourage or assist
3 non-signatories to this Stipulated Judgment to oppose such applications.

4 **18. Releases.**

5 (a) General Release. Except for the obligations under this Judgment and any other
6 documents to be executed, and conditioned upon transfer of the consideration and receipt of all
7 signed documents set forth herein, and except for claims in the currently pending action known
8 as *San Francisco Unified School District, ex rel, etc. v. Laidlaw, et al.*, San Francisco Superior
9 Court Case No. CGC-07-0463308, the Parties, on behalf of themselves, their members, and the
10 general public, hereby release and discharge each other from any and all claims asserted, or that
11 could have been asserted, in this litigation arising from the facts alleged in the Complaint,
12 including, but not limited to any claims arising under state or federal law that could have been
13 asserted arising from the facts alleged in the Complaint or related to diesel engine exhaust
14 through the dates of entry of this Judgment, including, but not limited to, any and all claims
15 concerning exposure of students, parents of students, any other passengers and/or workers to
16 diesel engine exhaust from Operator's school buses.

17 (b) Unknown Claims. It is possible that other injuries or damages not now known to the
18 Parties arising out of the facts alleged in the Complaint will develop or be discovered, and this
19 Judgment is expressly intended to cover and include all such injuries or damages, including all
20 rights of action therefore. Each Party hereby expressly, knowingly, and voluntarily waives the
21 provisions of Section 1542 of the California Civil Code, which provides as follows:

22 "A general release does not extend to claims which the creditor does not know or
23 suspect to exist in his favor at the time of executing the release, which if known to
24 him must have materially affected his settlement with the debtor."

25 **19. Dismissal of this pending action:** After satisfying all of the obligations set forth in this
26 Judgment, Operator shall notify Plaintiffs in writing of such fact. Said writing shall be signed under
penalty of perjury by a representative of Operator authorized to sign on behalf of Operator and shall

1 specify each obligation and shall state how and when each obligation was satisfied. Plaintiffs shall,
2 within sixty (60) days after receiving said written notice from Operator, cause this action to be dismissed
3 with prejudice.

4 **20. No Admission of Liability.** This Judgment is entered into in compromise of disputed claims,
5 the existence of any liability for which is expressly denied. The Parties agree that this Judgment shall
6 not be deemed or construed for any purpose as an admission of liability or responsibility for or
7 participation in any unlawful or wrongful act at any time by any Party hereto or any other person or
8 entity.

9 **21. Joint Statement:**

10 (a) The Parties agree to distribute a joint press release substantially similar to Schedule 21
11 that will focus on the benefits of this settlement to the children of California and the
12 environment. The Parties agree to distribute the press release, or a substantially similar version
13 of it, within two business days of the date that Plaintiffs send the executed Stipulated Judgment
14 to the Attorney General's office for review. The Parties agree to post the press release on their
15 websites.

16 (b) The Parties agree to meet and confer reasonably in advance of communicating with the
17 press for the term of this Stipulated Judgment regarding any compliance issues related to this
18 Stipulated Judgment.

19 (c) The Parties agree to meet and confer regarding any alleged violation of this section 21. If
20 the meet and confer is not successful, the Parties agree to bring the alleged violation before the
21 Judge presiding over this case. A violation of this section 21 does not excuse Operator from
22 compliance with any term of this Stipulated Judgment, including but not limited to its
23 commitment to retrofit and modernize its fleet pursuant to section 7 herein and its settlement
24 payments pursuant to section 11 herein.

25 (d) This section does not apply to any statements made in connection with the pending False
26 Claims Act case brought by ELF and others, *San Francisco Unified School District, ex rel, et al.*
v. Laidlaw, et al., San Francisco Superior Court Case No. CGC-07-0463308.

1 **22. Force Majeure:**

2 (a) If performance of any covenant or obligation by a party is prevented or delayed by one or
3 more events of *Force Majeure*, the time for the performance of such covenant or obligation will
4 be extended for the period that such performance is delayed or prevented by such event(s) of
5 *Force Majeure*.

6 (b) A Party seeking an extension of time pursuant to the provisions of this Section 22 shall
7 give written notice to the other Party describing with reasonable particularity (to the extent
8 known) the facts and circumstances constituting a *Force Majeure* event within 14 days after
9 determining that such *Force Majeure* cause shall affect or hinder the Party's performance under
10 this Stipulated Judgment. The written notification shall describe the factual basis for the *Force*
11 *Majeure*, and the measures the Party is taking to mitigate the delay, and the expected length of
12 the delay, to the extent reasonably possible. The Party seeking an extension of time for
13 performance pursuant to this Section shall have an affirmative duty to diligently pursue
14 resolution of the Force Majeure event(s) to the extent such resolution is possible, but in no event
15 beyond the term of this Stipulated Judgment.

16 (c) As used herein, "*Force Majeure*" shall mean:

17 (i) act of God, fire, earthquake, flood, act of war or terrorism, riot or civil
18 commotion, strike or a labor dispute that has the same effect as a strike, or other cause
19 (whether similar or dissimilar) beyond the reasonable control of such Party (but in all
20 cases excluding inability to perform for financial reasons);

21 (ii) Notice from:

22 (A) an original equipment manufacturer,

23 (B) a governmental agency with jurisdiction over transportation, education,
24 health or safety issues; or

25 (C) a recognized third party vendor who installs CARB verified pollution
26 control devices; that:

1 a particular retrofit device or technology should not be used on a particular bus
2 type, engine family group, or exhaust system due to technical limitations, safety
3 or health issues. An example of this includes but is not limited to notice from a
4 third party vendor that a particular bus does not meet minimum exhaust
5 temperature requirements for a pollution control device to be used effectively.
6 The inability to use one device on Schedule 1.0 does not relieve Operator of the
7 obligation to try another device on Schedule 1.0; or

8 (iii) lack of availability of parts or vehicles due to failure of a manufacturer to meet
9 orders placed, where orders are placed in a timely manner and in accord with standard
10 industry practice.

11 **23. Notices.** Whenever notice or a document is required to be sent to Plaintiffs, it shall be
12 sent to:

13 Laura Baughman
14 Baron & Budd, P.C.
3102 Oak Lawn Avenue, Suite 1100
Dallas, TX 75219

15 Whenever notice or a document is required to be sent to Operator, it shall be sent to:

16 Todd O. Maiden
17 Reed Smith LLP
Two Embarcadero Center, Suite 2000
18 San Francisco, CA 94111

19 **24. Severability.** In the event that any portion of this Judgment is found to be illegal, invalid,
20 unenforceable or otherwise without legal force or effect, the remainder of the Judgment will remain in
21 force and be fully binding.

22 **25. Entire Agreement.** This Judgment constitutes the entire agreement and understanding between
23 the Parties. All agreements or representations, expressed or implied, of the parties with regard to this
24 subject matter are contained in this Judgment. The Parties acknowledge that there are no other
25 warranties, promises, assurances or representations of any kind, express or implied, upon which the
26 Parties have relied in entering into this Judgment, unless expressly set forth herein. All prior
representations, understandings and agreements between the Parties concerning settlement are

1 superseded by this Judgment. The terms of this Judgment shall not be changed, revised or modified
2 except by written agreement signed by the Parties to this Judgment and shall not take effect until
3 approved by the Court.

4 **26. Acknowledgment of Terms.** The Parties have read and understood the terms of this Judgment,
5 have had the opportunity to consult with counsel regarding those terms, and understand and
6 acknowledge the significance and consequence of each such term.

7 **27. Parties Affected.** This Judgment shall be binding upon and inure to the benefit of the Parties
8 hereto, and their respective heirs, predecessors, successors, affiliated companies, subsidiaries, officers,
9 directors, shareholders, partners, trustees, employees, assigns, executors, administrators, agents and
10 attorneys, and all persons and/or entities connected with each of them, and the general public.

11 **28. Warranty.** Each Party warrants that (a) the person executing this Stipulated Judgment is fully
12 authorized to do so and to enter into the terms and conditions hereof; and (b) the claims being released
13 pursuant to this Stipulated Judgment have not been assigned or otherwise transferred to any other person
14 or entity.

15 **29. Construction.** This Stipulated Judgment is the product of negotiation and preparation by and
16 among each Party hereto and their respective attorneys. Accordingly, the Stipulated Judgment shall not
17 be construed against the Party preparing it. The section headings are included for convenience only and
18 are not intended to be operative as part of this Stipulated Judgment.

19 **30. Execution of Documents.** The Parties agree to execute this Stipulated Judgment and all such
20 other documents as are reasonably necessary to effect the terms and conditions of this Stipulated
21 Judgment. The Stipulated Judgment may be executed in counterparts, each of which shall be considered
22 an original.

23 **31. Retention of Jurisdiction.** This Court shall retain jurisdiction to enforce the terms of this
24 Stipulated Judgment.

25 APPROVED AS TO SUBSTANCE:

26 Dated: _____

Laidlaw Transit, Inc.

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APPROVED AS TO SUBSTANCE:

Dated: 2/22/08

Laidlaw Transit Services, Inc.

Dated: _____

Environmental Law Foundation

Dated: _____

Our Children's Earth Foundation

Dated: _____

Communities for a Better Environment

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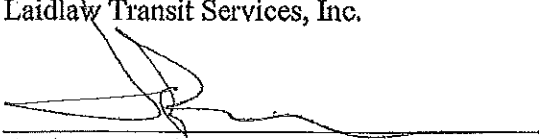
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APPROVED AS TO SUBSTANCE:

Dated: _____

Laidlaw Transit Services, Inc.

Dated: 8/1/08



Environmental Law Foundation

Dated: _____

Our Children's Earth Foundation

Dated: 07/31/08



Communities for a Better Environment

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APPROVED AS TO SUBSTANCE:

Dated: _____

Laidlaw Transit Services, Inc.

Dated: _____

Environmental Law Foundation

Dated: 7/29/08



Our Children's Earth Foundation

Dated: _____

Communities for a Better Environment

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1 APPROVED AS TO FORM:

2 Dated: August 1, 2008


LAW OFFICE OF APRIL STRAUSS

LOZBAU | DRURY LLP

ADAMS BROADWELL JOSEPH &
CARDOZO, P.C.

BARON & BUDD, P.C.

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By: 
Laura Baughman
Attorneys for Plaintiffs

Dated: _____

REED SMITH LLP

By: _____
Todd O. Maiden
Attorneys for Defendants
Laidlaw Transit, Inc. and
Laidlaw Transit Services, Inc.

APPROVED AND ORDERED:

Dated: _____

Hon. Ernest H. Goldsmith
Judge of the Superior Court

1 APPROVED AS TO FORM:

2 Dated: _____

LAW OFFICE OF APRIL STRAUSS

3 LOZEAU | DRURY LLP

4 ADAMS BROADWELL JOSEPH &
5 CARDOZO, P.C.

6 BARON & BUDD, P.C.

7

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By: _____

Laura Baughman
Attorneys for Plaintiffs

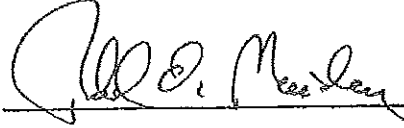
9

10 Dated: 1 August 2008

REED SMITH LLP

11

12

By:  _____

Todd O. Maiden
Attorneys for Defendants
Laidlaw Transit, Inc. and
Laidlaw Transit Services, Inc.

13

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16 APPROVED AND ORDERED:

17

18 Dated: _____

Hon. Ernest H. Goldsmith
Judge of the Superior Court

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1 APPROVED AS TO FORM:

2 Dated: August 1, 2008

LAW OFFICE OF APRIL STRAUSS

LOZBAU | DRURY LLP

ADAMS BROADWELL JOSEPH &
CARDOZO, P.C.

BARON & BUDD, P.C.

7
8 By: *Laura Baughman*
9 Laura Baughman
10 Attorneys for Plaintiffs

11 Dated: _____

REED SMITH LLP

12
13 By: _____
14 Todd O. Maiden
15 Attorneys for Defendants
Laidlaw Transit, Inc. and
Laidlaw Transit Services, Inc.

16 APPROVED AND ORDERED:

17
18 Dated: _____

19 _____
20 Hon. Ernest H. Goldsmith
21 Judge of the Superior Court

Schedule 1.0

Agreed Upon CARB-Verified Pollution Control Devices

Level III Devices for all buses on Exhibit A:

- Donaldson PDM (DPF);
- Johnson Matthey Reformulated CRT (DPF)

Level II Devices for Type A Buses (only if the above Level III devices do not work):

- Donaldson (Flow Through Filter)
- Environmental Solutions Worldwide Particulate Reactor (DOC)

WARNING

**This Vehicle Contains
Chemicals Known To The
State Of California To Cause
Cancer and/or Reproductive
Toxicity**

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Schedule 21

Better Buses for California School Children
Laidlaw Transit to Provide Clean School Buses

SAN FRANCISCO (July __, 2008) Environmental Law Foundation, Our Children's Earth and Communities for a Better Environment, three Bay Area environmental organizations, and Laidlaw Transit, Inc. agreed to a settlement of a lawsuit, under which Laidlaw will provide California's school children with newer and cleaner buses.

Under this agreement, Laidlaw will invest a minimum of \$4.7 million dollars over the next five years to continue retrofitting buses in its California fleet that are more than five years old with air pollution control devices to reduce diesel exhaust. In addition, Laidlaw will make substantial investments in its fleet over the next seven years by either retrofitting additional buses or purchasing new buses that meet the most stringent air pollution standards in the country.

"This agreement shows that Laidlaw Transit, Inc. and its parent, First Group America, Inc., are committed to protecting public health and the environment and going above and beyond the requirements of the law," said FirstGroup America spokesperson Glenda Lamont.

"This is a great step forward for public health and the environment. This case provides a great example of the benefits the voters intended when they passed Proposition 65," said Mike Costa of Our Children's Earth.

Various state, federal and international agencies agree that diesel exhaust is potentially dangerous and should be avoided. California limits exposure to diesel exhaust on school buses through an "anti-idling law" that minimizes the amount of time children are exposed to it. However, the agreement reached today goes further by reducing the amount of diesel exhaust the buses generate.

"This is a win-win for children, the environment and Laidlaw's ongoing operations in California," stated Shana Lazerow, attorney for Communities for a Better Environment.

"With this agreement, Laidlaw is showing that it is possible to provide clean buses to California's school children. We hope all of the other bus operators follow Laidlaw's lead," said Jim Wheaton of the Environmental Law Foundation.

Baron & Budd represented the environmental groups in this litigation.

The National Transportation Safety Board and the National Highway Traffic Safety Administration and other authoritative studies have shown that riding a school bus is safer than taking private transportation, walking or riding a bike to school.

For more information about the foundations and Laidlaw, please see these web links:

1 Environmental Law Foundation: www.envirolaw.org
2 Our Children's Earth Foundation: www.ocefoundation.org
3 Communities for a Better Environment: www.cbecal.org
4 Laidlaw Transit, Inc., a member of the FirstGroup America, Inc. companies:
5 www.firstgroup.com/
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2 **SCHEDULE 13:**

3 **Bay Area CPA's**

4 Steve Mayer
Burr, Pilger & Mayer
5 <http://www.bpmlp.com>

6 Walt Lupeika, CPA
7 <http://www.lupeika.com>

8 Randy Sugarman
Sugarman & Co LLP
9 <http://www.sugarman-company.com/index.html>

10 Bill Brause
Armanino McKenna
11 <http://www.amllp.com>

12 Bruce Mowat or Jim Anderson
Mowat, Mackie and Anderson LLP
13 <http://www.mowat.com>

14 Jim Pidgeon
Moss Adams
15 www.mossadams.com

16 Danny Heller
Smith, Lange & Phillips
17 <http://www.slpcpa.com>

18 Mark Devereaux
Eichstaedt and Devereaux
19 <http://www.edllp.com>

20 Hood & Strong, LLP
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