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July 30, 2007

San Francisco Unified School District
Dennis Garden, Transportation Department
1000 Selby Street
San Francisco, CA 94124

Dear Mr. Garden,

I write in response to your June 15, 2007 letter, in which you addressed the technical specifications of the Laidlaw buses used to service the District's routes. Specifically, you referenced closed crankcase emissions control systems, which are specified in Article 8g of the contract between Laidlaw and the District.

As you recall, numerous discussions occurred in 2005 between the District and Laidlaw about the contract then being negotiated. A focal point of those discussions was the type of buses that Laidlaw would use to run the District's routes, should Laidlaw be awarded the contract. As you know, detailed discussions were held between the District and Laidlaw's technical staff to evaluate a number of different types of buses for the District's service, the common goal being to find the buses with the required capacity and other criteria that had the best available emissions control technology. Laidlaw simultaneously worked with several bus manufacturers to determine which buses could best satisfy the District's equipment preferences and reported back to the District with the information obtained.

As a result of Laidlaw's considerable efforts, the District's goal of providing safe, clean transportation was met and Laidlaw was awarded the contract. Laidlaw acquired a new fleet of state-of-the-art "Type D" green diesel buses to service the District's routes. These buses were the cleanest buses available at the time, and we believe they are still among the cleanest buses out there. At the time Laidlaw's contract was finalized, these buses met 2007 California emissions standards, and also satisfied California Air Resources Board Level 3 emissions standards. However, these buses were not equipped with closed crankcase systems, because such systems were not an available option from the manufacturer at the time the vehicles were purchased. The District was aware of the technical specifications of these buses, including the unavailability of closed crankcase systems, prior to entering into the contract with Laidlaw.

With respect to the smaller, "Type A" buses/vans Laidlaw also operates for the District, those vehicles are equipped with closed crankcase systems. To confirm this information, we brought a Type A van to a local dealer who advised that the breather system is indeed "closed loop." However, though these buses do have closed crankcase systems and also satisfy California's emissions standards, they do not meet the ultra-stringent Level 3 criteria.

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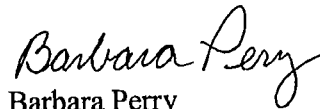
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According to the manufacturer, the device commonly used to meet the Level 3 emissions criteria, called a diesel particulate filter or "DPF," was not an available option for those vehicles at the time they were purchased. Once it was made aware of the technical specifications of these buses, the District acknowledged that Laidlaw would provide buses with the best available emissions control technology, which Laidlaw did.

Laidlaw will continue to research available emissions technologies that will not disrupt the engine and exhaust systems of the buses it is currently operating. The manufacturer of the Type A buses/vans does not currently offer DPFs as a retrofit option for these buses. In addition, our research indicates that the installation of DPFs on these buses is not currently possible, due to the fact that DPF devices are too large to fit within the chassis of the smaller, Type A vans.

We would be happy to further discuss the technical aspects of currently available emission-control technology and the fleet currently used for the District's routes with you. Laidlaw remains committed to working with the District to satisfy its transportation needs. Please let us know if we can be of further assistance.

Sincerely,



Barbara Perry
Vice President/General Manager

cc: Bob Gonzalez

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