**UNITED STATES DISTRICT COURT**
**DISTRICT OF MASSACHUSETTS**

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| **The COMMONWEALTH of MASSACHUSETTS, and the STATES of ALASKA, CALIFORNIA, CONNECTICUT, ILLINOIS, MAINE, MINNESOTA, MISSOURI, NEW JERSEY, RHODE ISLAND, and WASHINGTON,** | **Civil Action No. 07-11816** |
| **Plaintiffs** | |
| **v.** | |
| **FIRSTGROUP plc** | |
| **and** | |
| **LAIDLAW INTERNATIONAL, INC.,** | |
| **Defendants** | |

**CONSENT DECREE AND FINAL JUDGMENT**

**WHEREAS**, Plaintiffs, the Commonwealth of Massachusetts and the States of Alaska, California, Connecticut, Illinois, Maine, Minnesota, Missouri, New Jersey, Rhode Island and Washington, having filed their Complaint in this action, and Defendants FirstGroup plc and Laidlaw International, Inc., by and through their attorneys, having consented to the entry of this Consent Decree and Final Judgment without trial or adjudication of any issue of fact or law, and without this Consent Decree and Final Judgment constituting any evidence or admission by any party with respect to any issue of fact or law, except as to the jurisdiction of this Court which Defendants expressly admit;

**NOW, THEREFORE**, before any testimony is taken, and without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is **HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

## I. JURISDICTION

A. This Court has jurisdiction over the subject matter of this action and over each of the parties hereto. The Complaint states claims upon which relief may be granted against the Defendants under Section 7 of the Clayton Act, 15 U.S.C. §18, as well as under the following state statutes: the Alaska Monopolies and Restraint of Trade Act, AS 45.50.562 *et seq.*; and the Alaska Consumer Protection Act, As 45.50.471 *et seq.*; the California Business and Professions Code section 17200 *et seq.*; the Connecticut Antitrust Act, Conn. Gen. Stat. §§ 35-24 *et seq.*; the Illinois Antitrust Act, 740 ILCS 10/3; the Maine Monopolies & Profiteering Law, 10 MRSA §§1102-A & 1104; the Massachusetts Antitrust Act, M.G.L. c. 93, §§4 and 5, and the Massachusetts Consumer Protection Act, c. 93A, §2; the Minnesota Antitrust Law of 1971, Minn. Stat. §§ 325D.49-.66, Minn. Stat. Ch. 8, and the common law of Minnesota; the Missouri Merchandising Practices Act, RSMo §§ 407.010 through 407.145, and the Missouri Antitrust Act, RSMo §§ 416.011 through 416.161; the New Jersey Antitrust Act, N.J.S.A. 56:9-1 to 19, §§ 3 and 4; the Rhode Island Antitrust Act, R.I. Gen. Laws §6-36 *et seq.*; and the Washington Unfair Business Practices - Consumer Protection Act, RCW 19.86.010 *et seq.*

B. The Attorney General of each Plaintiff State has the authority to bring this action pursuant to Section 16 of the Clayton Act, 15 U.S.C. §26, and pursuant to his or her state statutory, equitable, and/or common law powers.

C. Venue is proper in the United States District Court for the District of Massachusetts.

## II. DEFINITIONS

As used in this Consent Decree and Final Judgment:

A. "State" or "States" means Plaintiffs, including the Commonwealth of Massachusetts.

B. "FirstGroup" means FirstGroup plc., a public limited company incorporated in Scotland, with its headquarters in Aberdeen, United Kingdom, its successors and assigns, subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

C. "Laidlaw" means Laidlaw International, Inc., a Delaware corporation with its headquarters in Naperville, Illinois, its successors and assigns, subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

D. "Acquisition" means the acquisition or beneficial acquisition by FirstGroup of Laidlaw, by means of various stock purchases resulting in the merger of Laidlaw into FirstGroup, pursuant to an Acquisition Agreement executed on or about February 8, 2007.

E. "School Bus Services" means home to school and return transportation of students for profit and any related services customarily provided in connection with home to school and return transportation, such as transportation for field trips and other extracurricular activities. "School Bus Services," for purposes of this Consent Decree and Final Judgment, does not include transportation provided by a school district itself.

F. "School Bus Services Company" means any company that currently provides school bus services, has bid on school bus service contracts in the past, or has the necessary assets, capacity and intent to compete with the Defendants for school bus service contracts.

G. "Attorney General" or "Attorney General's Office" means the Attorney General of the State referred to in the paragraph in which the words occur.

H. "RFP" means requests for proposal or for bid.

I. "Non-Compete Agreement" means any restriction, agreement, or understanding that in any way restricts or limits the freedom of any current or former partner, executive, employee or other associate of either Defendant, upon leaving Defendant's employ, to engage in the provision of School Bus Services in any Plaintiff State.

J. "Defendants" means FirstGroup and Laidlaw, or where applicable, the surviving entity after the Acquisition.

## III. APPLICABILITY

A. The provisions of this Consent Decree and Final Judgment shall apply to Defendants, their successors and assigns, their subsidiaries, affiliates, directors, officers, managers, agents, and employees.

B. Defendants shall notify Plaintiffs in writing at least thirty (30) days prior to any proposed change that may affect their compliance obligations under this Consent Decree and Final Judgment, such as dissolution, assignment, sale resulting in emergence of a successor entity, or the creation or dissolution of subsidiaries, or any other change that may affect compliance obligations under this Consent Decree and Final Judgment. A copy of this Consent Decree and Final Judgment shall be given to any successor entity.

C. To the extent it is within their control, Defendants shall require, as a condition of the sale or other disposition of all or substantially all their assets or stock, or the sale of a substantial part of their assets that include School Bus Services, that the purchaser agrees to be bound by the provisions of this Consent Decree and Final Judgment.

D. Defendants agree that this Consent Decree and Final Judgment is entered voluntarily and represents the entire agreement of the parties. Each Defendant agrees and represents that any persons signing this Consent Decree and Final Judgment have been authorized by the Defendant's board of directors to execute this Consent Decree and Final Judgment on the Defendant's behalf.

## IV. ALL STATES REMEDIES

A. Prior Notice of Future Acquisitions

1. Defendants shall provide sixty (60) days' advance written notice prior to closing of any intended acquisition or partial acquisition of a School Bus Services company as an on-going business, or of such business's assets, or of any existing contract for the provision of School Bus Services which was previously held by a separate School Bus Services company, to the Attorney General of every Plaintiff State in which the School Bus Services company does business, or in the case of an existing contract, every Plaintiff State in which School Bus Services are provided pursuant to the contract, during the six (6) year period from the entry of this Consent Decree and Final Judgment. For the avoidance of doubt, this provision shall not apply to any School Bus Services contract that may be awarded to Defendants as a result of a bid process by a school board or district.

2. Such written notice shall include the following information and documents:

(a) The name and address of the School Bus Services company to be acquired or from which assets or the existing contract for the provision of School Bus Services is being acquired, and the address of each location within the State where the School Bus Company operates;

(b) The name of each principal or officer of the School Bus Services company;

(c) A list of all contracts for the provision of School Bus Services held by the School Bus Services company over both the past school year and during the present school year, to the extent they are subject to the acquisition, and, with respect to each such contract, the identity of the school district and the representative of that district who has served as the contact person in the district, the contract's term of years, the number of buses used or being used by the School Bus Services company for the provision of such contracted services, the number of daily routes covered or being covered under the contract, and the locations, ownership (e.g., whether it is owned or leased, and identity of lessor) and capacities of the depots, and repair and maintenance facilities used to provide services under the contract; and

(d) Copies of any contract(s) and all other related agreements by which the acquisition will be completed.

3. If, within the sixty (60) day period after receipt of such notice, any Plaintiff State makes a written request for additional information, Defendants shall provide the information within ten business days after the request is made, or not less than 10 business days before the acquisition is consummated, whichever is sooner (or such other period of time as may be agreed upon by the Plaintiff State and Defendants).

4. The information provided by Defendants to a Plaintiff State under this section shall be accorded all confidentiality protections available under that state's laws. To the extent that any of the information described above is information of a third party, Defendants shall use all reasonable efforts to obtain permission to provide such information to the relevant Plaintiff State(s). If such permission is not received, Defendants shall promptly notify the relevant Plaintiff State(s).

5. This section shall be broadly construed and any ambiguity or uncertainty regarding providing written notice under this section shall be resolved in favor of providing such notice.

B. Non-Compete Agreements

Defendants will not negotiate or impose any Non-Compete Agreement on any former, or current (as of the date the Acquisition is consummated), employee who did not, as of February 8, 2007, have a written Non-Compete Agreement with either Defendant. Nothing herein shall be interpreted to give validity to any non-compete agreement, and the validity of any agreement shall be subject to applicable state law. For the avoidance of doubt, nothing in this provision is intended to prohibit or invalidate lawful restrictions on the use of confidential or proprietary information or to prohibit lawful non-compete agreements agreed to by any person that sells a School Bus Services business or contract(s) to Defendants.

C. Future Bids

Defendants shall not, either directly or indirectly, threaten to refrain from submitting a bid for School Bus Services or to withdraw a pending bid for School Bus Services unless the school district includes in the RFP specific terms or conditions that Defendants propose. This prohibition does not apply to terms or conditions that Defendants propose that are required by law, nor does it

prohibit Defendants from presenting issues of concern to school districts. For the avoidance of doubt, nothing in this provision is intended to prohibit Defendants from, absent a threat to refrain from submitting a bid, making a good faith decision not to submit a bid for a School Bus Services contract.

## V. STATE SPECIFIC REMEDIES

GENERAL PROVISIONS

A. Definitions:

As used within Part V of this Consent Decree and Final Judgment, "Assets Subject to Divestiture" or "Assets" includes those contracts for School Bus Services defined or delineated by the state-specific term below as well as all related assets used in connection with such contracts, including but not limited to all school buses being used to provide those School Bus Services under the contract(s), all employees and employee contracts, including drivers, branch managers, terminal managers, maintenance personnel and other employees used to provide those School Bus Services under the contract(s); all bus depot property and/or facilities (whether owned or leased) used to provide those School Bus Services under the contract(s); all repair and maintenance facilities (whether owned or leased) used to provide those School Bus Services under the contract(s), and all local offices (whether owned or leased) used to provide those School Bus Services under the contract(s), including buildings and/or trailers, and all fixtures, equipment, software, and records used to provide School Bus Services under the contract(s). To the extent that a landlord's or other third party's consent may be necessary to effectuate the sale or lease of any assets pursuant to this Consent Decree, Defendants shall use their reasonable best efforts to obtain such consent. Assets (for example software) that are used by Defendants on a nation-wide or

region-wide basis that are only partially used in connection with the contracts associated with the Assets Subject to Divestiture are exempted.

B. Obligations Related to the Marketing and Offer for Sale or Lease of All Assets Subject to Divestiture

1. In accomplishing each divestiture required by this Consent Decree and Final Judgment, and unless the divestiture is being made to an entity specifically approved by the State Attorney General's Office, Defendants promptly shall make known, by usual and customary means, the availability of the Assets Subject to Divestiture. Defendants shall inform any person making inquiry regarding a possible purchase of such Assets that they are being divested pursuant to this Consent Decree and Final Judgment and provide that person with a copy of this Consent Decree and Final Judgment. Defendants shall offer to furnish to all prospective acquirers, subject to customary confidentiality assurances, all information and documents relating to the Assets customarily provided in a due diligence process except such information or documents subject to the attorney-client or work-product privileges. Defendants shall also make immediately available to the Attorney General's Office within the State in which such Assets are located all such information as made available to any prospective acquirers.

2. Defendants shall provide the prospective acquirer (and make available to the Attorney General's Office) information relating to the personnel involved in the provision of School Bus Services under the contracts subject to this divestiture term so as to enable the acquirer to make offers of employment to those personnel. Defendants shall not interfere with any negotiations by the prospective acquirer to employ any of Defendant's employees whose primary responsibility is the provision of regular School Bus Services under one or more of the subject contracts, including

the provision of any necessary support services, such as maintenance of the buses or the depot facility or support services for employees driving the buses.

3. Defendants shall permit prospective acquirers of the Assets

(a) to have reasonable access to personnel providing the underlying services or related support services;

(b) to make inspections of the buses, depots, repair and maintenance facilities, physical facilities and local offices used to provide the School Bus Services under the subject contracts;

(c) to review any and all employment and/or labor union contracts;

(d) to review all environmental, zoning, and other permit documents and information; and

(e) to review any and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

4. Defendants shall warrant to the acquirer(s) of the Assets that each of the contracts will be operational and in good standing on the date the divestiture sale is consummated, it being understood that the divestiture sale may be consummated on a day when School Bus Services are not being provided under any relevant contract (e.g. a holiday or snow day).

5. Defendants shall not take any action that will impede in any way the divestiture of the Assets (excluding assets exempted under subparagraph A. above), or of the transfer of personnel, buses, facilities, software and other systems used to provide the School Bus Services under the subject contracts.

6. Defendants shall warrant to the acquirer(s) of the Assets that, to the best of Defendants' knowledge, there are no material defects in the inspectional, environmental, zoning or other permits or requirements pertaining to buses or facilities used to provide School Bus Services under

the subject contracts, and that following the divestiture sale of the Assets, Defendants will not undertake, directly or indirectly, any challenges to the inspectional, environmental, zoning, or other permits or requirements pertaining to buses or facilities used to provide regular School Bus Services under the subject contracts.

7. The divestiture(s) pursuant to this section, or by the Trustee appointed pursuant to following sections of this Consent Decree and Final Judgment, shall be accomplished in such a way as to satisfy the Attorney General's Office in the State of its location, that services under the subject contracts will be provided effectively, and that the divestiture(s) will remedy the competitive harm alleged in the Complaint. To that end:

(a) Defendants shall market and offer to sell and/or assign the Assets Subject to Divestiture in each Plaintiff State as a package and seek and accept offers for the Assets as a package. Defendants may also seek and solicit offers for subset(s) of the Assets package and/or seek and solicit offers for individual contracts. All offers (written or oral) shall be provided and/or communicated to the State Attorney General's Office within two (2) business days of receipt.

(b) The divestiture(s) shall be made to an acquirer(s) that is acceptable to the relevant school district(s) and, in the State Attorney General's sole judgment, has the intent and capability of competing effectively in the business of providing the School Bus Services required by the contract(s) and remedying the competitive harm alleged in the Complaint at no minimum price. If Defendants present two or more potential acquirers, and if each such potential acquirer is acceptable to the State Attorney General's office, Defendants may choose to which acquirer the Assets Subject to Divestiture shall be sold; and

(c) The divestiture(s) shall be accomplished so as to satisfy the State Attorney General's Office, in its sole discretion, that none of the terms of any agreement between the acquirer(s) and the Defendants give Defendants the ability unreasonably to raise the acquirer(s)'s costs, to lower the acquirer(s)'s efficiency, or otherwise to interfere in the ability of the acquirer(s) to compete effectively.

C. Appointment of a Trustee

1. If Defendants have not divested all of the Assets Subject to Divestiture in a Plaintiff State within the time period required by this Consent Decree and Final Judgment, Defendants shall notify the State Attorney General's Office of the fact in writing and request appointment and approval of a Trustee. Upon application of the State Attorney General's Office, the Court shall appoint a Trustee selected by the State Attorney General's Office, and approved by the Court, to effect the divestitures of the remaining Assets Subject to Divestiture.

2. After the appointment of the Trustee becomes effective, only the Trustee shall have the right to sell or assign the remaining Assets. The Trustee shall have the power and authority to accomplish the divestiture(s) to an acquirer acceptable to the State Attorney General at such a price and on such terms as are then obtainable upon reasonable effort by the Trustee, subject to the provisions of this Consent Decree and Final Judgment, and shall have such other powers as this Court deems appropriate. The Trustee may hire, at the cost and expense of the Defendants, any investment bankers, attorneys, or other agents, who shall be solely accountable to the Trustee, reasonably necessary in the Trustee's judgment to assist in the divestiture(s).

3. Defendants shall not object to a sale by the Trustee on any ground other than the Trustee's malfeasance. Any such objections by Defendants must be conveyed in writing to the

State Attorney General's Office within ten (10) calendar days after the Trustee has provided the notice required under the section titled "Notice of Proposed Divestiture(s)".

4. The Trustee shall serve at the cost and expense of the Defendants, on such terms and conditions as the Court approves, and shall account for all monies derived from the sale of the Assets sold or assigned by the Trustee and all costs and expenses so incurred.

5. After approval by the Court of the Trustee's final accounting, including fees for its services and those of any professionals and agents retained by the Trustee, all remaining money shall be paid to Defendants and the trust shall then be terminated.

6. The compensation of the Trustee and any professionals and agents retained by the Trustee shall be reasonable in light of the value of the remaining Assets and based on a fee arrangement providing the Trustee with an incentive based on the price and terms of the divestiture(s) and the speed with which it is accomplished, but timeliness is paramount.

7. Defendants shall use their best efforts to assist the Trustee in accomplishing the required divestiture(s). The Trustee and any consultants, accountants, attorneys, and other persons retained by the Trustee shall have full and complete access to the personnel, books, records and facilities of the business to be divested, and Defendants shall develop financial and other information relevant to such business as the Trustee may reasonably request, subject to reasonable protection for trade secrets or other confidential research, development, or commercial information. Defendants shall take no action to interfere with or to impede the Trustee's accomplishment of the divestiture(s).

8. After appointment, the Trustee shall file monthly reports with the parties and the Court setting forth the Trustee's efforts to accomplish the divestiture(s) ordered under this Consent Decree and Final Judgment. To the extent such reports contain information that the Trustee, or the Defendants with the Trustee's concurrence, deems confidential, such reports shall not be filed in

the public docket of the Court. Such reports shall include the name, address, and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring any interest in the Assets, and shall describe in detail each contact with any such person. The Trustee shall maintain full records of all efforts made to divest the Assets.

9. If the Trustee has not accomplished such divestiture(s) within six months after its appointment, the Trustee shall promptly file with the Court a report setting forth (1) the Trustee's efforts to accomplish the required divestiture(s), (2) the reasons, in the Trustee's judgment, why the required divestiture(s) has not been accomplished, and (3) the Trustee's recommendations. To the extent such reports contain information that the Trustee, or the Defendants with the Trustee's concurrence, deems confidential, such reports shall not be filed in the public docket of the Court. The Trustee shall at the same time furnish such report to the State Attorney General's Office which shall have the right to make additional recommendations consistent with the purpose of the trust. The Court thereafter shall enter such orders as it shall deem appropriate to carry out the purpose of the Consent Decree and Final Judgment, which may, if necessary, include extending the trust and the terms of the Trustee's appointment by a period requested by the State Attorney General's Office, and/or requiring the divestiture of reasonably comparable (after discussion with Defendants) School Bus Services contracts within the State.

D. Discontinuance of Divestiture Efforts

1. Defendants are obligated to continue providing School Bus Services under the terms of all contracts that are part of the Assets Subject to Divestiture unless and until their divestiture is effectuated.

2. Each State Attorney General's Office, at its sole discretion, may determine that efforts to divest one or more of that State's Assets Subject to Divestiture should be discontinued.

3. Under the circumstances where either (i) a State's Attorney General determines that efforts to divest any Assets should be discontinued, or (ii) no divestiture of one or more of a State's Assets is effectuated by the Defendants or the Trustee, anytime during the six (6) year period following entry of this Consent Decree or following the date the divestiture remedy is triggered pursuant to this Consent Decree, whichever is later, that the contract associated with that asset comes up for bid, if Defendants do not bid or are not the winning bidder, Defendants shall promptly make available, first by option to the school district, and, second, to the winning bidder(s) (i) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of the lease to the winning bidder, if leased by Defendants, (or by assignment or sublease to the appropriate entity at the pro-rated current terms of the lease if a portion only of the depot, repair and/or maintenance facility)), and (ii) any buses (at commercially reasonable terms) which it used exclusively or primarily to service the corresponding routes in the most recent contract. Defendants shall notify the school district of this requirement by the earlier of the date Defendants learn of the district's intent to go out to bid or six months prior to the contract's earliest expiration date (i.e., before any optional extensions offered under the contact's original terms). Defendants shall also take no

action to prevent drivers or other of its employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder(s). For the avoidance of doubt, if the school district and winning bidder referred to above, or elsewhere in this Consent Decree, do not exercise the options with respect to the depot or buses, the Defendants are free to retain, dispose of, or otherwise deal with the depot and buses in question.

E. Notice to State Attorney General of Proposed Divestiture(s)

1. Within two (2) business days following execution of a definitive divestiture agreement pertaining to any Assets Subject to Divestiture, Defendants or Trustee, whichever is responsible for effecting the divestiture(s) required herein, shall notify the State Attorney General's Office (and the Defendants, if it is the Trustee) of the proposed divestiture agreement. The notice shall set forth the details of the proposed divestiture and list the name, address, and telephone number of each person not previously identified who offered or expressed an interest in or desire to acquire any of the Subject Contracts, together with full details of the same.

2. Within fifteen (15) calendar days of receipt of such notice, the State Attorney General's Office may request from Defendants, the proposed acquirer, any other third party, or the Trustee if applicable, additional information concerning the proposed divestiture, the proposed acquirer, and any other potential acquirer. Defendants and/or the Trustee shall furnish any additional information requested within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree.

3. Within thirty (30) calendar days after receipt of the notice, or within twenty (20) calendar days after the State Attorney General's Office has been provided the additional information requested from Defendants, the proposed acquirer, any third party, and the Trustee, whichever is later, the State Attorney General's Office may provide written notice to Defendants

and the Trustee, if there is one, stating whether or not it objects to the proposed divestiture. If the State Attorney General's Office provides written notice that it does not object, the divestiture may be consummated. Absent written notice that the State Attorney General's Office does not object to the proposed acquirer or upon objection by the State Attorney General's Office, the divestiture shall not be consummated. It is understood that the time required for the State Attorney General's Office approval described in this paragraph shall not count in computing the time period within which Defendants are required to accomplish any divestiture required by this Consent Decree.

F. Assistance After the Divestiture(s)

For a period of 180 days following the required divestiture, Defendants shall, in good faith, provide all reasonable assistance to the acquiring company (or companies) and the affected school districts to provide an orderly, safe, and seamless transition of the contract, buses, personnel, facilities, and systems.

STATE SPECIFIC DIVESTITURES AND OTHER REMEDIES

The following State Specific Remedies shall apply and take precedence over any inconsistent All State Remedies:

1. CALIFORNIA

For the State of California, Defendants are ordered and directed as follows:

(a) Divestiture of Franklin Avenue Depot to RUSD

Defendants shall divest, to Riverside Unified School District, the remaining terms on Laidlaw's Lease, Extension and Option to Buy for the Bus Depot/Facility located at 3031 Franklin Avenue, Riverside, California, absolutely and in good faith, at no additional cost to the school district, within ninety (90) calendar days after the filing of the Complaint in this matter, or five (5) business days after notice of the entry of this Consent Decree and Final Judgment by the

Court, whichever is later (and providing that the California Attorney General's office may agree to one or more extensions of time not to exceed sixty (60) calendar days in total). To the extent that the current landlord's consent is required, Defendants will undertake their reasonable best efforts, including all reasonable steps and efforts contemplated by this Settlement Agreement, and any other reasonable steps and efforts which may become necessary by order of the Court or otherwise, to effectuate this provision. Nothing in this provision shall prohibit Defendants and Riverside Unified School District from reaching an agreement for the continuing use of the depot by Defendants, so long as the district understands that such agreement is not required by this agreement or otherwise.

(b) Divestiture of LAUSD Contracts

1. Ability to Terminate Contracts

The Los Angeles Unified School District (District) shall have the right to exercise one of the following options: (i) terminate, in whole, or in part by termination of specific routes, at any time after the merger, any or all of the contracts of FirstGroup as listed below (it being understood that the contracts of FirstGroup include the contracts of First Student and Cardinal), or (ii) terminate, in whole, or in part by termination of specific routes, at any time after the merger, any or all of the contracts of Laidlaw as listed below:

| CONTRACTOR | CONTRACT Number | Expiry Date |
|---|---|---|
| FIRST STUDENT | 0350117 | 6/30/2008 |
| FIRST STUDENT | 0350118 | 6/30/2008 |
| FIRST STUDENT | 0350119 | 6/30/2008 |
| FIRST STUDENT | 0550108 | 6/30/2009 |
| Laidlaw | 0450111 | 6/30/2009 |
| Laidlaw | 0450114 | 6/30/2009 |
| Laidlaw | 0450115 | 6/30/2009 |
| Laidlaw | 0450119 | 6/30/2009 |
| Laidlaw | 0550110 | 6/30/2010 |

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|---|---|---|
| Laidlaw | 0550111 | 6/30/2010 |
| Laidlaw | 0550114 | 6/30/2010 |
| Laidlaw | 0550115 | 6/30/2010 |
| Laidlaw | 0550116 | 6/30/2010 |
| Laidlaw | 0550117 | 6/30/2010 |
| Laidlaw | 0550118 | 6/30/2010 |
| Laidlaw | 0550119 | 6/30/2010 |
| Laidlaw | 0650130 | 6/30/2011 |
| | | |
| CARDINAL | 0350120 | 6/30/2008 |
| CARDINAL | 0350121 | 6/30/2008 |
| CARDINAL | 0550109 | 6/30/2009 |
| CARDINAL | 0550112 | 6/30/2009 |
| CARDINAL | 0850002 | 6/30/2012 |

Such termination shall be considered a Termination for Convenience and shall be subject to the same conditions as those set forth in the contract under the heading of the same name. FirstGroup, including Cardinal, and/or Laidlaw or LAUSD shall not be entitled to any anticipatory or consequential damages as a result of the termination hereunder. In the event that this provision conflicts with terms of any LAUSD contracts, the terms and conditions of the Consent Decree shall take precedence.

2. Consequence of Termination

Upon termination of any contract or route listed in the preceding paragraph at any time during the six (6) year period following entry of this Consent Decree, Defendants shall promptly make available, first by option to the school district, and, second, to the winning bidder(s) (i) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of the lease to the winning bidder, if leased by Defendants), and (ii) any buses (at commercially reasonable terms) which it used exclusively or primarily to service the corresponding routes in the most recent contract.

Defendants shall also take no action to prevent drivers or other of its employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder(s).

3. Re-bidding

FirstGroup/Laidlaw may re-bid on the contracts or specific routes in compliance with the procedures established by state law and subject to meeting the criteria established by the District for all bidders for those particular contracts or routes.

4. No Service Interruption

In the event the District opts to terminate contracts or routes, FirstGroup/Laidlaw shall continue to provide services without interruption until the replacement contracts or routes take effect. Prior to termination, all contract terms and conditions except as modified in this Consent Decree shall remain in effect.

5. Key Personnel

Unless such employee terminates his or her employment with the merged entity, none of the current Laidlaw or FirstGroup local management or supervisory staff exclusively or primarily associated with any of the contracts listed above shall be removed or replaced, nor shall his/her agreed-upon function or duties be changed, without the prior written consent of District.

6. Non Exclusive Rights

The rights and remedies provided in this article shall not be exclusive and are in addition to any other rights and remedies provided by law or under resulting order.

2. CONNECTICUT

With respect to any contract specified below, let out for bid at any time during the six (6) year period following entry of this Consent Decree, Defendants, if they are the incumbent and are not the winning bidder, shall promptly make available, first by option to the school district, and,

second, to the winning bidder(s) (i) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of the lease to the winning bidder, if leased by Defendants), and (ii) any buses (at commercially reasonable terms) which it used exclusively or primarily to service the corresponding routes in the most recent contract. Defendants shall notify the school district of this requirement by the earlier of the date Defendants learn of the district's intent to go out to bid or six months prior to the contract's earliest expiration date (i.e., before any optional extensions offered under the contract's original terms). Defendants shall also take no action to prevent drivers or other of its employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder(s). This requirement applies to the following districts: all contracts with a district involving 100 buses or more in the most recent contract period.

3. ILLINOIS

(a) For the State of Illinois, the term "Assets Subject to Divestiture" shall mean the following two school district contracts in Southern Illinois:

(1) Meridian (Mounds, IL)

(2) Shawnee (Wolf Lake, IL)

(b) Defendants are ordered and directed, within ninety (90) calendar days after the filing of the Complaint in this matter, or five (5) business days after notice of the entry of this Consent Decree and Final Judgment by the Court, whichever is later, to complete the divestiture of the Illinois Assets Subject to Divestiture in a manner consistent with this Consent Decree and Final Judgment to an acquirer, or acquirers, acceptable to and approved by the Illinois Attorney General's Office. The Illinois Attorney General's Office, in its sole discretion, may agree to one

or more extensions of this time period not to exceed sixty (60) calendar days in total. Defendants agree to use their best efforts to divest the Illinois Assets Subject to Divestiture as expeditiously as possible.

(c) With respect to any contract specified below, let out for bid at any time during the six (6) year period following entry of this Consent Decree, Defendants, if they are the incumbent and are not the winning bidder, shall promptly make available, first by option to the school district, and, second, to the winning bidder(s) (i) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of the lease to the winning bidder, if leased by Defendants), and (ii) any buses (at commercially reasonable terms), which it used exclusively or primarily to service the corresponding routes in the most recent contract. Defendants shall notify the school district of this requirement by the earlier of the date Defendants learn of the district's intent to go out to bid or six months prior to the contract's earliest expiration date (i.e., before any optional extensions offered under the contact's original terms). Defendants shall also take no action to prevent drivers or other of its employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder(s). This requirement applies to the following districts:

(1) All contracts with a district involving 150 buses or more in the most recent contract period;

(2) To the extent not included above, all contracts involving school districts in St. Clair, Madison, Pulaski, Alexander, Union, Ford, and Vermilion Counties of Illinois.

(d) Any restriction, agreement or understanding between either of the Defendants, and a person who at the time such agreement was entered into or imposed was a former employee of a Defendant, purporting to restrict in any way that former employee's freedom to compete with either party or the merged parties at any time in the School Bus Services business in Illinois, shall be null and void and is hereby immediately and categorically waived by the appropriate Defendant. Also, any such agreements entered into after the effective date of this order shall be null and void. Written notice of waiver will be provided immediately both to the other party to the agreement or understanding and to the Illinois Attorney General. Neither of the Defendants nor the merged entity shall seek to enter, enforce or threaten to enforce any non-compete provision of this sort. The provisions of this paragraph create a continuing obligation during the injunction period, and are in addition to, and do not supplant, the All State Remedies relating to Non-Compete Agreements.

4. MAINE

(a) For the State of Maine, the term "Assets Subject to Divestiture" shall mean those contracts for School Bus Services that are: (1) in effect and held by FirstGroup following completion of (i) the Acquisition; and (ii) the school district consolidation program mandated by P.L. 2007 ch. 240; and (2) entered into with a contracting entity whose territory includes any part of Hancock County; the eastern most municipalities of Waldo County, namely Winterport, Frankfort, Prospect, Stockton Springs and Searsport; the Washington County municipality of Steuben; southern Penobscot County, namely an area bounded on the north by, and including, the municipalities of Stetson, Corinth, Bradford, Alton, Greenbush, Greenfield Twp, and Grand Falls Twp; on the west by and including the municipalities of Carmel and Newburgh; and including all parts of Penobscot County south and east of these municipalities.

(b) The Maine Attorney General may, in good faith, and in his sole discretion, order divestiture of Maine Assets Subject to Divestiture by FirstGroup pursuant to the provisions, and subject to the limitations set forth in this paragraph. The divestitures so ordered:

(i) Are limited to no more than two school bus services contracts together with any related assets, defined as set forth above in paragraph V(A), without limitation, as the Attorney General may see fit to include with them;

(ii) Must relate to contracts between FirstGroup and contracting entities duly created and approved pursuant to the consolidation program mandated by P.L. 2007 ch. 240 which are in force at the time of the divestiture order;

(iii) May be ordered only during a timeframe beginning on July 1, 2008, and ending on July 1, 2010, or the first anniversary of the date on which new regional school units approved at referendum pursuant to the consolidation program mandated by P.L. 2007 ch. 240 actually commence operations, whichever is later;

(iv) May be ordered only if, in the Attorney General's discretionary judgment, the divestiture is needed to bring FirstGroup (and the Acquisition) into compliance with Maine's merger statute, 10 M.R.S.A. §1102-A, by ameliorating a reduction in competition resulting from the

Acquisition as alleged in Plaintiffs' Complaint or from subsequent market developments;

(v) Must be preceded by a consultation between the Attorney General and FirstGroup, at which FirstGroup shall be afforded an opportunity to present evidence and argument to the effect that no divestiture is necessary, and the parties will have an opportunity to discuss potential purchasers;

(vi) Shall be memorialized in a writing entitled Order for Divestiture Pursuant To Consent Decree, signed by the Attorney General or designee, setting forth the reasons or grounds for the Order. The Order shall be provided to FirstGroup and to the Court prior to or simultaneously with its public issuance.

(c) Upon receipt of an Order for Divestiture Pursuant to Consent Decree hereunder, FirstGroup shall, within three months, absolutely and in good faith, divest the Assets Subject to Divestiture specified in the Order to an acquirer or acquirers approved in advance by the Attorney General in his sole discretion. The Attorney General may agree to one or more extensions of time not to exceed sixty (60) calendar days in total. Divestitures shall be made pursuant to the provisions of, and in accordance with the procedures set forth in paragraph V(B), to the extent these are not inconsistent with the provisions of this paragraph.

5. MASSACHUSETTS

(a) For the Commonwealth of Massachusetts, "Assets Subject to Divestiture" are the following current Laidlaw regular School Bus Services contracts:

(1) Harwich Public Schools, Harwich, MA

(2) Cape Cod Technical School, Harwich, MA

(3) East Bridgewater Public Schools, East Bridgewater, MA

(4) Bridgewater-Raynham Public Schools, Raynham, MA

(5) Freetown-Lakeville Public Schools, Lakeville, MA

(6) Middleborough Public Schools, Middleborough, MA

(7) Easton Public Schools, North Easton, MA

(8) Old Rochester Regional School District, Mattapoisett, MA

(9) Ashburnham-Westminster Regional School District, Ashburnham, MA

(b) Defendants are ordered and directed, within ninety (90) calendar days after the filing of the Complaint in this matter, or five (5) business days after notice of the entry of this Consent Decree and Final Judgment by the Court, whichever is later, to complete the divestiture of the Massachusetts Assets Subject to Divestiture in a manner consistent with this Consent Decree and Final Judgment to an acquirer, or acquirers, acceptable to and approved by the Massachusetts Attorney General's Office. The Massachusetts Attorney General's Office, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total. Defendants agree to use their best efforts to divest the Massachusetts Assets Subject to Divestiture as expeditiously as possible.

(c) Boston Public Schools

(1) Defendants agree to complete the remaining five years of the contract(s) with the Boston Public Schools pursuant to the Release and Settlement Agreement between First Student, Inc. and the School Committee of the City of Boston, executed by First Student on September 12, 2007.

(2) If the Boston School Bus contract goes out to bid either before the end of the current contract, or at the end of the current contract, (b) Defendants shall, if they do not bid or are not the winning bidder, promptly make available first by option to the school district, and then to the winning bidder(s) (i) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by Defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of the lease to the winning bidder, if leased by Defendants), and (ii) any buses (at commercially reasonable terms) which it used exclusively or primarily to service the corresponding routes in the most recent contract. Defendants shall notify the school district of this requirement the earlier of the date it learns of the district's intent to go out to bid or six months prior to the contract's earliest expiration date (i.e., before any optional extensions offered under the contact's original terms). Defendants shall also take no action to prevent drivers or other employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder.

6. MINNESOTA

(a) Defendants are ordered and directed, within ninety (90) calendar days after the filing of the Complaint in this matter, or five (5) business days after notice of the entry of this Consent Decree and Final Judgment by the Court, whichever is later, to notify all school districts

with which FirstGroup has, immediately prior to the Acquisition, a current contract for School Bus Services in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties in the State of Minnesota ("FirstGroup Customers") of their right to take over by assignment the lease for any bus depot and corresponding repair and/or maintenance facility (collectively "depot") or portion thereof, which FirstGroup uses to service the corresponding FirstGroup Customer routes in the most current contract period. Defendants shall assign any such depot lease or portion thereof to an interested FirstGroup Customer at the current terms of the lease (or at the pro-rated current terms of the lease if a portion only of the depot). Whereas the current contract rates incorporate Defendants' cost of leasing the depot, the assignment or sublease to a FirstGroup Customer shall be at no additional cost to the FirstGroup Customer for the duration of the current School Bus Services contract. Defendants agree to negotiate in good faith with any FirstGroup Customer that takes over a depot lease or portion thereof to establish any payment procedures necessary to effectuate this provision. A FirstGroup Customer must inform Defendants of its intent to assume the lease or portion thereof within six (6) months after notice of the entry of this Consent Decree and Final Judgment.

(b) If any FirstGroup Customer elects not to take over the depot lease or portion thereof offered to it under paragraph (a) above, anytime during the six (6) year period following entry of this Consent Decree that the FirstGroup Customer's contract comes up for bid and Defendants either do not bid on the contract or are not the winning bidder, Defendants shall promptly make available at no additional cost to the winning bidder the depot, or portion thereof, used to service that FirstGroup Customer's contract, at the current terms of the lease (or at the pro-rated current terms of the lease if a portion only of the depot). Defendants shall notify the FirstGroup Customer of the availability of the depot or portion thereof to the winning bidder by the earlier of the date

Defendants learn of the FirstGroup Customer's intent to go out to bid or six months prior to the contract's earliest expiration date (i.e., before any optional extensions offered under the contact's original terms). Defendants shall take no action to prevent drivers or other employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder.

(c) Notwithstanding the provisions set forth in paragraphs (a) and (b) above, for each and every bus depot and corresponding repair and/or maintenance facility (collectively "depot"), listed below, Defendants agree not to enter into a lease that extends beyond the 2007-2008 school year until they have won the School Bus Services contract(s) during the 2008 bid cycle for the FirstGroup Customer(s) serviced by that particular depot. If Defendants win the School Bus Services contract(s) during the 2008 bid cycle, Defendants shall promptly make available by option to the relevant FirstGroup Customer(s) the first opportunity to lease and/or purchase the depot or portion thereof used to service the particular School Bus Services contract(s) from the depot owner. Defendants may not receive any consideration from the FirstGroup Customer(s) for the provision of this option. If the relevant FirstGroup Customer(s) do not exercise the above option, anytime during the six (6) year period following entry of this Consent Decree that the relevant FirstGroup Customer(s)' contract(s) come up for bid and Defendants win the bid, Defendants agree not to enter into a lease for the depot for a time period that extends beyond the time period governed by the School Bus Services contract(s) into which the FirstGroup Customer(s) entered in that bid cycle. Notwithstanding the above provisions, if, anytime during the six (6) year period following entry of this Consent Decree that a FirstGroup Customer's contract comes up for bid and Defendants do not bid or are not the winning bidder, Defendants shall promptly make available at no additional cost to the winning bidder the depot, or portion

thereof, used to service that FirstGroup Customer's contract. If the winning bidder does not exercise this option, Defendants agree not to lease this depot, or portion thereof, for the duration of the relevant School Bus Services contract into which the relevant FirstGroup Customer entered in that bid cycle, unless Defendants use the depot, or portion thereof, for the provision of school bus services to other school districts. Defendants will notify the FirstGroup Customers of this requirement the earlier of the date they learn of the intent of FirstGroup Customer(s) to go out to bid or six months prior to the earliest expiration date of the current School Bus Services contract(s) (i.e., before any optional extensions offered under the School Bus Services contact(s)'s original terms). In addition, Defendants shall take no action to prevent drivers or other employees who exclusively or primarily serviced the most recent contracts from being employed by the winning bidder.

This paragraph applies to the bus depots located at the following addresses, and to their corresponding maintenance and/or repair facilities:

(i) 15625 32nd Avenue, Plymouth, MN 55447

(ii) 505 Tamarack Avenue, Long Lake, MN 55356

(iii) 5531 Manitou Road, Tonka Bay, MN 55331

7. MISSOURI

(a) For the State of Missouri, the term "Assets Subject to Divestiture" shall mean all or any of those contracts for School Bus Services that are in effect immediately prior to the Acquisition and held by FirstGroup, with a public school district whose territory includes any part of St. Louis City, St. Louis County, Jefferson County, St. Charles County, or Franklin County, Missouri, as well as any successor contracts entered between the same public school districts and the Defendants, during the thirty-six month period of time described below.

(b) The Missouri Attorney General may, within the thirty-six months following the date upon which this Consent Order and Final Judgment is entered, in his sole discretion, determine that divestiture of the Missouri Assets Subject to Divestiture is required to ensure that Defendants' acquiring of additional contracts for School Bus Services through the Acquisition does not result in a substantial lessening of competition as alleged in the States' Complaint and order divestiture of the same in accordance with the provisions of this Consent Decree and Final Judgment.

(c) Upon the making of such determination, the Missouri Attorney General shall issue and serve upon Defendants an Order for Divestiture Pursuant to Consent Decree and Final Judgment and shall file a copy of the same with the Court. Such Order for Divestiture must be filed with the Court within the thirty-six months following the date on which this Consent Judgment is approved and entered by the Court.

(d) Prior to serving and filing such Order for Divestiture, the Attorney General shall provide Defendants at least thirty (30) days notice of his intention to file such Order and afford Defendants an opportunity to present evidence and argument to the effect that either no divestiture is necessary or to suggest other remedies to ensure competition is not lessened.

(e) If the Attorney General is not satisfied with Defendants' response or alternate suggestions of remedies, he may issue an Order for Divestiture Pursuant To Consent Decree, signed by the Attorney General or his delegate, which shall be delivered to Defendants and filed with the Court.

(f) Within ninety days of the date on which it receives written notice of an Order for Divestiture issued by the Attorney General, Defendants shall, absolutely and in good faith, divest certain Missouri assets, as specified in the Order, in compliance with the terms and

conditions set forth in this Consent Decree and Final Judgment for the completion of divestitures.

(g) The Attorney General may agree to one or more extensions of time not to exceed sixty (60) calendar days in total. Any such stipulated extension of time shall serve to toll the date by which the Attorney General must file an Order for Divestiture and the date by which any such divestiture must be completed.

(h) If the Missouri Attorney General does not issue an Order For Divestiture Pursuant to Consent Decree and Final Judgment, pursuant to section 7(c) above, then with respect to any contract let out for bid specified below, Defendants shall , if they do not bid or are not the winning bidder, promptly make available first by option to the school district, and then to the winning bidder(s) (i) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by Defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of the lease to the winning bidder, if leased by Defendants), and (ii) any buses (at commercially reasonable terms) which it used exclusively or primarily to service the corresponding routes in the most recent contract. Defendants shall notify the school district of this requirement the earlier of the date it learns of the district's intent to go out to bid or six months prior to the contract's earliest expiration date (i.e., before any optional extensions offered under the contact's original terms). Defendants shall also take no action to prevent drivers or other employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder. This requirement applies to all contracts with districts located in St. Louis City, St. Louis County, St. Charles County, Franklin County and Jefferson County. This requirement shall apply until six (6) years following the date by which notice of divestiture is required in paragraph 7(c) above, or, if

the Attorney General advises earlier that no divestiture will be ordered, until six (6) years from that date.

(i) Defendants shall submit to the Missouri Attorney General an annual report, by June 30th of each calendar year, identifying each school district within the State of Missouri in which it was awarded a contract as a result of bidding or of entering into a new contract for the provision of School Bus Services and the term of years (including any optional extensions) for any contract awarded or entered. If an existing contract was extended through the following school year by the district's agreement to a pre-agreed optional extension included within the originally-negotiated contract which was the subject of an earlier annual report, that contract extension need not be identified as a new contract.

8. NEW JERSEY

A. For the State of New Jersey, the term "Assets Subject to Divestiture" shall mean the contracts of either Laidlaw or FirstGroup (but not both) with the Paramus School District for the 2007-2008 school year, and all assets related thereto as defined in Section V, Part A of this Consent Decree and Final Judgment. The Defendants are ordered and directed, within ninety (90) calendar days after the filing of the Complaint in this matter, or five (5) business days after notice of the entry of this Consent Decree and Final Judgment by the Court, whichever is later, to complete the divestiture of the Assets Subject to Divestiture in a manner consistent with this Consent Decree and Final Judgment to an acquirer, or acquirers, acceptable to, and approved by, the New Jersey Attorney General's Office. The New Jersey Attorney General's Office, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total. Defendants agree to use their best efforts to divest the Assets Subject to Divestiture as expeditiously as possible. FirstGroup's obligations under this paragraph include all

of its obligations under Section V, Parts B-F of this Consent Decree and Final Judgment.

B. The State of New Jersey and FirstGroup agree that: (a) the state specific remedies for the State of New Jersey set forth in paragraphs B through K of this section of the Consent Decree and Final Judgment shall, upon entry of the Consent Decree and Final Judgment, become a contract between the State of New Jersey and FirstGroup; (b) the contract shall be governed by and construed in accordance with the law of the State of New Jersey as if it were a contract that was negotiated, executed, and performed solely within the State of New Jersey; (c) the State of New Jersey may enforce the contract in the Superior Court of the State of New Jersey; and (d) in cases where FirstGroup's failure to perform one of its obligations under the contract lessens competition for school bus services in a school district in New Jersey, the State of New Jersey has no adequate remedy at law and specific performance is appropriate to promote competition in that school district. Nothing in this section gives the State of New Jersey a right to enforce any other provision of the Consent Decree and Final Judgment, including the divestiture remedy set forth in paragraph A of this section, in the Superior Court of the State of New Jersey.

C. FirstGroup agrees to: (a) provide New Jersey with written notice of a future acquisition, as that term is used in Section IV, Part A of the Consent Decree and Final Judgment, for ten (10) years from the date of the Consent Decree and Final Judgment; and (b) refrain from completing a future acquisition until the earlier of the date on which New Jersey gives it written permission to complete the acquisition or sixty (60) days from the date that New Jersey objects to the acquisition. FirstGroup's obligation to provide written notice shall be limited to identifying the name and address of the company that is the object of the acquisition and the assets FirstGroup intends to acquire. After FirstGroup provides written notice of a future acquisition, New Jersey has thirty (30) days from its receipt of the notice to give FirstGroup written notice of whether it

objects to the acquisition and its failure to provide such notice shall be deemed to be written permission to complete the merger.

D. In every case where FirstGroup is required to provide notice of a future acquisition under the Consent Decree and Final Judgment, FirstGroup shall, in addition to the notice required by the Consent Decree and Final Judgment, also provide notice by overnight mail to:

Director
Office of Student Transportation
New Jersey Department of Education
P.O. Box 500
Trenton, NJ 08625-0500

E. In every case where FirstGroup has a contract for a school bus route that a school district may, with FirstGroup's consent, renew at the CPI, the school district may require FirstGroup to tell it, at least six (6) months prior to the termination of the contract, (a) whether FirstGroup offers to renew the contract at the CPI, or (b) whether FirstGroup offers to renew the contract at the CPI if, but only if, the increase in the CPI is greater than or equal to X%. FirstGroup must keep its offer to renew the contract at the CPI if, but only if, the increase in the CPI is greater than or equal to X% open until at least two (2) weeks after the CPI is published. If FirstGroup offers to renew at the CPI, then the school district has sixty (60) days to accept FirstGroup's offer. If FirstGroup offers to renew at the CPI if, but only if, the increase in the CPI is greater than or equal to X%, then the school district may, in its sole and absolute discretion, (a) put the contract out to bid at any time, or (b) do nothing during the period that the offer is open with the knowledge that (i) if the increase in the CPI is greater than or equal to X%, then it has the right to accept the offer, and (ii) if the increase in the CPI is less than X%, then it can, subject to FirstGroup's consent, renew the contract at the actual increase in the CPI or put the contract out to bid. This provision shall apply to the 2008-2009 school year and shall continue to apply through the 2012-2013 school

year.

F. In every school district where (a) FirstGroup chooses not to renew a route, (b) three (3) or fewer companies bid on the route the last time it was put out to bid, and (c) FirstGroup wants to bid on the route, then, at the school district's request, FirstGroup must, at least six (6) months prior to the termination of the contract for the route, agree to make the parking space where it parks its bus for the route available to the winning bidder at FirstGroup's Book Cost, which is defined in paragraph G, plus a 5% profit and give the school district a good faith estimate of what FirstGroup's Book Cost for the parking space will be. If the winning bidder wants to rent the parking space from FirstGroup, FirstGroup shall offer the winning bidder a commercially reasonable contract to rent the space at FirstGroup's Book Cost. The tenant will be responsible for its own trash removal and FirstGroup will provide access to the depot's washrooms to the tenant's employees during the period that the depot is open. The term of the contract shall be the term of the winning bidder's contract for the route or, or, in the case of a one year contract, one year with an option to renew for a second year if the winning bidder's contract for the route is renewed at the CPI. The contract shall give the winning bidder the right to bring an action for breach in the Superior Court of the county where the parking space is located and a right to attorney's fees if it sues for overcharges and the court concludes that FirstGroup calculated the Book Cost in gross and manifest bad faith. This provision shall apply to the 2008-2009 school year and shall continue to apply through the 2012-2013 school year.

G. FirstGroup's Book Cost for providing a parking space shall, in cases where the parking space is in a facility that FirstGroup leases, be the pro rata share of the rent plus the sum of the following costs, to the extent they are not already included in the rent, that FirstGroup apportions to the parking spaces at the facility (e.g., if FirstGroup parks 100 buses at the facility,

then FirstGroup's Book Cost for parking one bus is 1/100 of the sum of those costs): (a) the real estate taxes; (b) the insurance; (c) snow removal; (d) lighting; (e) security services; and (f) leasehold improvements that benefit a person who sublets a parking space. In cases where the parking space is in a facility that FirstGroup owns, rather than rents, FirstGroup's Book Cost for providing a parking space shall be determined by the same formula except that in places where the formula for properties that FirstGroup rents uses FirstGroup's rent, the formula for properties that FirstGroup owns shall use one tenth of the appraised value of the property. First Group shall pay for the appraisal by an appraiser that is acceptable to New Jersey.

H. In the case of the Hunterdon Central Regional School District in Hunterdon County and the North Hunterdon-Voorhees Regional School District in Hunterdon County, paragraph F is modified in the following respect - FirstGroup shall be required to offer to renew the contract to rent the space to the winning bidder for up to five (5) years.

I. If FirstGroup refuses to renew a contract for a school bus route at the CPI and still wants to bid on the route, then the amount of FirstGroup's bid the first time it refuses to bid on the route shall not, in the absence of written permission from the school district to submit a higher bid, exceed 114% of the price the district would have had to pay for the route in the current year under the existing contract. Each successive time that FirstGroup refuses to renew the route at the CPI, its maximum bid shall be reduced by 3%, e.g., the second time it refuses to renew at the CPI, its maximum bid shall not, in the absence of written permission from the school district to submit a higher bid, exceed 111%. This provision shall apply to the 2008-2009 school year and shall continue to apply through the 2010-2011 school year.

J. In the case of the Hunterdon Central Regional School District in Hunterdon County and the North Hunterdon-Voorhees Regional School District in Hunterdon County, paragraph I is

modified in the following respects: (a) the first time FirstGroup refuses to renew a contract for a route at the CPI, its bid shall be limited to 110% of the price the district would have had to pay for the route in the current year under the existing contract; (b) each successive time that FirstGroup refuses to renew the route at the CPI, its maximum bid shall be reduced by 2%, and (b) the provision shall apply through the 2012-2013 school year.

K. The State of New Jersey shall be entitled to its costs and reasonable attorney's fees in every case where it sues FirstGroup for breach of an obligation set forth in these state specific remedies and the Court determines that FirstGroup violated its obligation.

9. WASHINGTON

(a) For the State of Washington, "Assets Subject to Divestiture" are the following School Bus Services contracts:

(1) With respect to Seattle School District No. 1:

(A) Laidlaw's School Bus Services contract with Seattle School District No. 1;

(B) Alternatively, in the event a divestiture of the Laidlaw School Bus Services contract cannot be effectuated, an equivalent set of Assets from First Student's School Bus Services contract with Seattle School District No. 1;

(2) Laidlaw's School Bus Services contract with Rochester School District No. 401;

(3) Laidlaw's School Bus Services contract with Battle Ground School District No. 119 & Hockinson School District No. 98;

(4) Up to one-third (1/3) of the Assets of a School Bus Services contract awarded by Tacoma School District No. 10 to Defendants at the conclusion of the school district's next RFP cycle.

(b) Defendants are ordered and directed, within ninety (90) calendar days after the filing of the Complaint in this matter, or five (5) business days after notice of the entry of this Consent Decree and Final Judgment by the Court, whichever is later, to complete the divestiture of the Washington Assets Subject to Divestiture identified in subsections (a)(1) – (3) in a manner consistent with this Consent Decree and Final Judgment to an acquirer, or acquirers, acceptable to and approved in advance by the Washington State Attorney General's Office. The Washington State Attorney General's Office, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total. Defendants agree to use their best efforts to divest the Washington Assets Subject to Divestiture identified in subsections (a)(1) – (3) as expeditiously as possible.

(c) With respect to the Washington Assets Subject to Divestiture identified in subsection (a)(1), the following additional provisions apply:

(1) In the event an acquirer is unable or unwilling to purchase Laidlaw's Lake City Way depot and repair and/or maintenance facilities and all other associated Assets used for the operation of Laidlaw's Lake City Way depot and repair and/or maintenance facilities (for purposes of this subsection, collectively referred to as "the depot assets"), together with the remaining Assets of the Laidlaw School Bus Services contract (for purposes of this subsection, collectively referred to as "the non-depot assets"), Defendants may divest the

non-depot assets to the acquirer, but must continue to use best efforts to divest, in a manner consistent with this Consent Decree and Final Judgment, the depot assets as a standalone asset to an acquirer acceptable to and approved in advance by the State Attorney General and on the condition that it continue to be used as a school bus facility for the benefit of Seattle School District No. 1. Until a satisfactory acquirer of the depot assets is found, Defendants must make the depot assets available by lease on commercially reasonable terms to the acquirer of the non-depot assets.

(2) If a Trustee is appointed pursuant to section V(C) of this Consent Decree and Final Judgment, and that Trustee has not accomplished a complete divestiture of the Washington Assets Subject to Divestiture identified in subsection (a)(1)(A), Defendants are ordered and directed to complete the divestiture of the Washington Assets Subject to Divestiture identified in subsection (a)(1)(B) within ninety (90) calendar days after the Trustee's filing with the Court in a manner consistent with this Consent Decree and Final Judgment to an acquirer acceptable to and approved in advance by the Washington State Attorney General's Office. The Washington State Attorney General's Office, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total. Defendants agree to use their best efforts to divest the Washington Assets Subject to Divestiture identified in subsection (a)(1)(B) as expeditiously as possible. In the event that a divestiture of the Washington Assets Subject to Divestiture identified in subsections

(a)(1)(A) and (a)(1)(B) cannot be effectuated, subsection V.D of the Consent Decree and Final Judgment shall apply.

(3) The foregoing provisions do not limit or exclude any of the general terms and provisions of the Consent Decree and Final Judgment.

(d) Within six (6) months following the date upon which a new School Bus Services contract is awarded by Tacoma School District No. 10, the Washington State Attorney General may, in his sole discretion, order a divestiture of the Washington Assets Subject to Divestiture identified in subsection (a)(4). Defendants shall, within ninety (90) calendar days after a divestiture is ordered, complete the divestiture of the Washington Assets Subject to Divestiture identified in subsection (a)(4) in a manner consistent with this Consent Decree and Final Judgment to an acquirer, or acquirers, acceptable to and approved in advance by the Washington State Attorney General's Office. The Washington State Attorney General's Office, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total. Defendants agree to use their best efforts to divest the Washington Assets Subject to Divestiture identified in subsection (a)(4) as expeditiously as possible.

(e) With respect to any contract let out for bid in the school districts identified below, Defendants shall for the six (6) year period following entry of this Consent Decree, if they are the incumbent and not the winning bidder, promptly make available first by option to the school district, and, second, to the winning bidder(s) any depot, repair and/or maintenance facility, or portion thereof (by sale or lease on commercially reasonable terms if owned by Defendants; by assignment at no additional cost to the school district, or by assignment at no additional cost or sublease at the current terms of

the lease to the winning bidder, if leased by Defendants) which Defendants used to service the corresponding school district routes in the most recent contract period. Defendants will notify the school district of this requirement the earlier of the date learned of the district's intent to go out to bid or six months prior to the contract's expiration date (i.e., before any optional extensions offered under the contact's original terms) to enable the school districts to notify potential bidders of the availability of the relevant facilities in an RFP or otherwise. Defendants shall also take no action to prevent any of the relevant employees who exclusively or primarily serviced the most recent contract from being employed by the winning bidder(s). This requirement applies to Spokane School District No. 81, Vashon Island School District No. 402, and Tacoma School District No. 10. The application of this provision to Tacoma School District No. 10 is in addition to the divestiture provisions of section (c) of the Washington State specific remedies.

## VI. ATTORNEYS' FEES AND COSTS

A. Defendants shall pay to the Plaintiff States, within ten (10) business days of entry of this Consent Decree and Final Judgment, the sum of one million one hundred thousand dollars ($1,100,00.00) for reimbursement of reasonable fees and costs incurred by all of the Plaintiff States in this matter. The Attorney General of each Plaintiff State shall use these funds consistently with his/her state laws for any of the following purposes: 1) payment of attorneys' fees and costs; 2) antitrust or consumer protection law enforcement; 3) deposit into a state antitrust or consumer protection revolving fund; or 4) as otherwise provided by state law. Such payment shall be made by cashier's check or wire transfer to the Massachusetts Attorney General, acting on

behalf of the Plaintiff States. The Plaintiff States shall separately determine how such reimbursement will be divided amongst the States.

B. In addition, Defendants shall pay the Plaintiff States, as applicable, the actual fees and costs incurred by the Plaintiff States for work performed after entry of this Consent Decree and Final Judgment, directly related to overseeing and monitoring the divestitures specified in the State Specific Remedies herein. Each Plaintiff State shall submit bills for reimbursement of post-judgment fees and costs within thirty (30) days after all assets described in that State's State Specific Remedies section have been divested in accordance with the terms of the Consent Decree and Final Judgment or, if all assets have not been divested within six (6) months of entry of this Consent Decree and Final Judgment, at such other time before all assets have been divested at the discretion of the State; subsequent bills for fees and costs incurred in divesting remaining assets in accordance with the terms of the Consent Decree and Final Judgment shall be submitted no later than thirty (30) days after all those assets have been divested. Defendants shall make prompt payment within ten (10) business days after submission of such bills for post-judgment fees and costs. The Attorney General of each Plaintiff State shall use these funds consistently with his/her state laws for any of the following purposes: 1) payment of attorneys' fees and costs; 2) antitrust or consumer protection law enforcement; 3) deposit into a state antitrust or consumer protection revolving fund; or 4) as otherwise provided by state law.

C. If any of the Plaintiff States brings an action to enforce the provisions of the Consent Decree and Final Judgment, and prevails, Defendants shall reimburse the States' actual reasonable fees and costs incurred in bringing the enforcement action. The remedies set forth in the Consent Decree and Final Judgment are in addition to any remedies available to the States for violation of the terms of this Consent Decree and Final Judgment. The terms of this subsection have no

reciprocal effect, in that Defendants shall not be entitled to attorney's fees or costs from any of the Plaintiff States in the event such States bring an action to enforce this Consent Decree and Final Judgment and do not prevail in that action.

## VII. RECORDS RETENTION AND COMPLIANCE INSPECTION

A. Defendants shall retain all bid and contract files, including internal memoranda, notes, calculations and correspondence relating to such bid and contract files, concerning any school district within any Plaintiff State for the term of this Consent Decree and Final Judgment.

B. If, during the process of attempting to win School Bus Services contracts, the Defendants learn of the bid or quote prices of their competitors, for example when the bids or quotes are unsealed, the Defendants shall record this information in a manner consistent with their current practices, and retain this information, together with the bid or quote specifications, and, if known, any price changes that occur during post-bid or post-quote negotiations.

C. For the purposes of determining or securing compliance with this Consent Decree and Final Judgment, and subject to any recognized privilege, from time to time duly authorized representatives of each Plaintiff State, including consultants and other persons retained by the Plaintiff State, shall, on reasonable notice to the Defendants, be permitted:

1. access during Defendants' office hours to inspect and copy, or at the Plaintiff State's option, to require Defendants to provide copies of, all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession, custody or control of the Defendants, relating to any matters contained in the Consent Decree and Final Judgment; and

2. to interview, either informally or on the record, Defendants' officers, employees, or agents, who may have their individual counsel present, regarding such matters. The interviews shall be subject to the reasonable convenience of the interviewee and without restraint or interference by Defendants.

D. Upon the written request of duly authorized representative of a Plaintiff State, Defendants shall submit written reports, under oath if requested, relating to any of the matters contained in this Consent Decree and Final Judgment as may be requested.

E. No confidential information or documents obtained through the foregoing means shall be divulged by the Plaintiff States to any other person other than an authorized representative of the Executive Branch of the United States and the Trustee(s) that may be appointed pursuant to the State Specific Remedies contained herein, except in the course of legal proceedings to which a Plaintiff State is a party (including grand jury proceedings), or for the purpose of securing compliance with this Consent Decree and Final Judgment, or as otherwise required by law.

F. If at the time information or documents are furnished by Defendants to a Plaintiff State, Defendants represent and identify in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and Defendants mark each page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then the Plaintiff State shall give ten (10) calendar days' notice prior to divulging such materials in any legal proceeding (other than grand jury proceeding).

## VIII. RETENTION OF JURISDICTION

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Consent Decree and Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction, implementation, or modification of any of the provisions of this Consent Decree and Final Judgment, for the enforcement of compliance herewith, and for the punishment of any violations hereof.

## IX. EXPIRATION OF CONSENT DECREE AND FINAL JUDGMENT

Unless this Court grants an extension, this Consent Decree and Final Judgment shall expire ten (10) years from the date of its entry.

## X. ENFORCEMENT

A. Nothing in this Consent Decree and Final Judgment shall be construed to limit or bar any other governmental entity or consumer from pursuing other available remedies against Defendants.

B. Under no circumstances shall this Consent Decree or the name of any of the Plaintiff States, Attorneys General, or any of their employees be used by any Defendant as an endorsement or approval of Defendants' acts, practices or conduct of business.

C. Unless otherwise provided in this Consent Decree, interpretation, enforcement, or modification of this Decree shall be governed by federal law to the extent applicable; otherwise, the law of the Commonwealth of Massachusetts shall apply.

## XI. NOTIFICATIONS

All notices issued pursuant to this Consent Decree and Final Judgment shall be issued, with a reference to the case caption and number, to the following:

To the Plaintiff States:

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## XII. APPROVAL AND ORDER

This Consent Decree and Final Judgment is approved and hereby entered.

It is SO ORDERED this 1st day of October 2007.

GEORGE A. O'TOOLE, JR.
UNITED STATES DISTRICT JUDGE

Respectfully submitted by:

FOR PLAINTIFFS

MARTHA COAKLEY
Attorney General of the
Commonwealth of Massachusetts

/s/ Jesse M. Caplan Dated: September 26, 2007
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/s/ Louise Ruppel Dated: September 26, 2007
Louise Ruppel, Group Legal Director

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LAIDLAW INTERNATIONAL, INC.

/s/ Beth Byster Corvino Dated: September 26, 2007
Beth Byster Corvino, Executive Vice President,
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COUNSEL FOR LAIDLAW INTERNATIONAL, INC,

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