



Julian Burke  
CEO

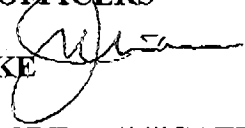
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**DATE:** November 22, 1999

**TO:** BOARD OF DIRECTORS  
EXECUTIVE OFFICERS

**FROM:** JULIAN BURKE 

**SUBJECT:** CONSENT DECREE LITIGATION

The Ninth Circuit Court of Appeals has granted our request for a stay of Judge Hatter's Order of September 23, 1999, and has set a briefing schedule as follows:

- an opening brief by the MTA by December 13, 1999,
- an opposition brief by the plaintiffs by January 10, 1999, and
- a reply brief by the MTA within 14 days after service of the opposition brief

The Ninth Circuit has not yet set the hearing date for the oral argument to follow the briefing schedule. The oral argument will be before a panel of three judges of the Ninth Circuit. I believe that we will be advised as to the composition of the panel at the time the court sets the schedule for the oral argument. Following the oral argument, the panel will decide by majority vote the merits of our appeal.

While awaiting the ruling on the merits of this appeal in the context of a now existing stay of the District Court's Order, we will continue with the procurement process for purchasing 297 additional buses. We will not, however, implement service of an additional 88 buses in January (as required by Judge Hatter's Order) until the Ninth Circuit rules on the merit of our appeal, and then only if the Circuit Court affirms the District Court's Order. You will recall we have not identified the operating funds that would be necessary to operate beyond the current fiscal year. In the meantime, we will put the additional service of 64 buses on the street by the end of December as contemplated by our own Load Factor Remediation Plan.



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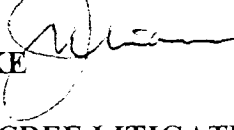
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