LAIDLAW Transportation Limited

Annual Report 1982

Corporate information

Board of Directors

Michael G. DeGroote
President & Chief Executive Officer
Laidlaw Transportation Limited

Geno Francolini
Vice-Chairman & Chief Executive Officer
Livingston International, Inc.

Douglas R. Gowland
Executive Vice-President,
Motor Carrier Group
Laidlaw Transportation Limited

Donald M. Green, C.M.
Chairman and Chief Executive Officer
The Tridon Companies

Ronald S. Murray
President
Laidlaw Industries, Inc.

Laurence J. Needler
Chairman of the Board
Travelways Ltd.

Jack M. Rosen
President
Rosen Metal Company Limited

Halliwell Soule, Q.C.
Vice-President, Corporate Affairs
Laidlaw Transportation Limited

Abram J. Thiessen
Chairman of the Board
Grey Goose Corporation Limited

Ronald A. Thiessen
President
R. T. Investments & Consultants Ltd.

Douglas H. Ward
Honorary Director
Dominion Securities Ames Limited

Officers

Michael G. DeGroote
President & Chief Executive Officer

Douglas R. Gowland
Executive Vice-President,
Motor Carrier Group

Ronald S. Murray
Executive Vice-President,
Waste Systems Group

Leslie W. Haworth, C.A.
Vice-President, Finance

Halliwell Soule, Q.C.
Vice-President, Corporate Affairs

Ivan R. Cairns
Vice-President & General Counsel
& Secretary

J. Ross Husband, Q.C.
Assistant Secretary

Laidlaw Transportation Limited Major Subsidiaries

Laidlaw Transport Limited
Hamilton, Ontario

Travelways Ltd.
Markham, Ontario

Grey Goose Corporation Limited
Edmonton, Alberta

Laidlaw Industries, Inc.
Hinsdale, Illinois

Head Office

110 King Street West
Suite 490
Hamilton, Ontario
Canada L8P 4S6

Annual Meeting

Laidlaw Transportation's Annual Meeting will be held January 20th, 1983 at 4:15 p.m. in the Regency East Ballroom of the Four Seasons Hotel at 21 Avenue Road, Toronto, Ontario, Canada.

President's report to shareholders

M. G. DeGroote

Fiscal 1982 has been one of the most eventful in your Company's history.

The severe economic recession in North America took its toll on almost all businesses. Your Company did not totally escape the impact of this severe downturn in business activity. It has, in fact, resulted in a modest reduction in net earnings from operations which is the only reduction ever in Laidlaw's history as a public company.

The motor carrier group was the hardest hit by the downturn in the economy. Management took drastic steps to minimize the impact of reduced shipments and severe price competition by closing down some of the operations which were constantly losing money. On the positive side, the waste management group and the passenger group continued to perform well during these difficult times, producing the second best year your Company has ever had.

Financial

Consolidated revenue for the year ended August 31, 1982 increased to $273,772,000 from $258,196,000 in 1981. Net earnings from operations decreased to $14,500,000 from $15,095,000 the previous year and earnings per share from operations decreased modestly to $1.06 per share from $1.10.

An extraordinary loss of $5,860,000 was recorded as a result of the Chapter 11 proceeding in the U.S. Bankruptcy Court filed by the management of Boss-Linco Lines, Inc. who bought the shares of Boss-Linco Lines in 1981.

A further extraordinary $3,174,000 loss was recorded, relating to the discontinuance and disposal of certain operations of Reliable-Scott Transport Limited between Ontario and Quebec and the closure of the leasing division and truckload division of Grey Goose Corporation Limited.

On the positive side, an extraordinary gain of $3,110,000 was realized by the sale of treasury shares of Laidlaw Industries, Inc. in the U.S.

Laidlaw Industries, Inc.

As previously reported, during the year, all of your Company's directly held solid waste management subsidiaries in Canada and the U.S.,

Financial highlights

($000's omitted except for earnings per share)

	1982	1981	Percentage Increase (Decrease)
Revenue	**$273,772**	$258,196	6
Net income from operations	**14,500**	15,095	(4)
Earnings per share from operations	**1.06**	1.10	(4)

President's report to shareholders—continued

along with those indirectly held through Grey Goose Corporation Limited, were reorganized and merged to form a unified group under a new common parent company, Laidlaw Industries, Inc. Most of these subsidiaries have adopted the common trade name of "Laidlaw Waste Systems".

Laidlaw Industries, Inc. became a public company by the successful offering of 860,000 (20%) treasury shares of the Company to the public in the U.S. Currently, Laidlaw Industries, Inc. is 80% owned by Laidlaw Holdings Inc., 80% of which is owned by Laidlaw Transportation Limited and the balance by Grey Goose Corporation Limited. The proceeds of the issue in the amount of approximately $12 million has greatly enhanced your Company's balance sheet. Laidlaw Industries, Inc. is traded on the Nasdaq (over the counter) market in the U.S. under the symbol, LWSI.

During fiscal 1982, Laidlaw Industries, Inc. acquired solid waste removal companies in Edmonton, Alberta (two), St. Louis, Missouri, Indianapolis, Indiana and Rockford, Illinois. In addition, subsidiaries of the Company were successful in obtaining new waste removal contracts with the municipalities of West Vancouver, British Columbia, Wilmet, Illinois and Oklahoma City.

Since the fiscal year-end, Laidlaw Industries, Inc., through its subsidiaries, has acquired two commercial and industrial waste removal companies in Hamilton-Wentworth and Halton, Ontario and in Fort Worth, Texas.

The Fort Worth company acquired also operates an approved sanitary landfill site in that city. In addition, Laidlaw Industries, Inc.'s subsidiaries were awarded five-year contracts for the operation of a sanitary landfill site and back-up facility for a resource recovery plant in Pinellas County (Clearwater), Florida and for the residential and commercial waste removal in the municipality of Robstown, Texas. The combined revenues of these acquisitions and new contracts will add over $7,000,000 to the Company's annual revenue.

At a recent meeting of the Board of Directors of Laidlaw Industries, Inc., a dividend policy was established; 4¢ per share will be paid quarterly, commencing in January 1983. The Directors also passed a resolution to subdivide its common shares on a two for one basis, subject to approval by its shareholders.

Directors

It is with deep regret we report the passing of Mr. Douglas Ward. Mr. Ward was a member of your Board of Directors since the Company became public in 1969. After ten years of service with the Board, Mr. A. J. Thiessen's resignation from the Board was accepted. We are extremely grateful for the wise counsel and valued contribution by both of these gentlemen to the Company's direction over these past many years.

At the last annual meeting, Mr. Geno Francolini, Vice-Chairman and Chief Executive Officer of Livingston International, Inc. was elected to the Company's Board of Directors. Mr. Francolini also serves on the Company's Audit Committee. To fill one of the vacancies on the Board, we welcome the addition of Mr. Ralph Sazio, President of The Toronto Argonaut Football Club.

Corporate Outlook

We look with confidence to 1983 and to the opportunities and challenges it will bring. We believe the decisions made during the 1982 fiscal year to liquidate and dispose of some of the Company's unprofitable operations will allow management to concentrate their efforts and strategy on the many positive aspects of your Company.

With the gradual reduction in North American interest rates, a slowing down of inflationary factors and a gradual improvement in the economy in 1983, growth in revenue and net earnings will again be the start of a continuous uptrend which your Company has experienced over the past many years.

On behalf of the Board of Directors, I wish to express our gratitude to our many and valued customers, to all employees of the Company for their productive efforts and dedication and to our shareholders for their continued support.

Respectfully Submitted,

M. G. DEGROOTE
President & Chief Executive Officer

Operations

The Company is engaged in the solid waste management business, the motor carrier business and the passenger service business. These services are provided in most Canadian provinces and in many states in the U.S.

The solid waste management business is conducted through subsidiaries of Laidlaw Industries, Inc. of Hinsdale, Illinois, under the name Laidlaw Waste Systems. They provide services for collection, compaction, transportation, transfer and disposal of solid waste to commercial, industrial and residential customers in eleven states in the U.S. and in four Canadian provinces. Residential collection services are performed under contracts which give the exclusive right to service all or a portion of the contracting municipality at established rates over a specified period of time. Commercial and industrial collection services are provided to individual customers on either a prearranged schedule or at the request of the customer. It is usual to have annual agreements with customers which may be cancelled by either party on sixty days notice prior to each anniversary. The main disposal method for solid wastes in North America is by sanitary landfill. At landfill sites, waste collection vehicles and transfer vehicles deposit waste which is then compacted and buried under a layer of earth on a daily basis using specified governmental approved procedures. At August 31, 1982, Laidlaw Waste Systems operated seven landfill sites.

V. A. Webster
President,
Passenger Service Group

R. S. Murray
President,
Waste Systems Group

D. R. Gowland
President,
Motor Carrier Group

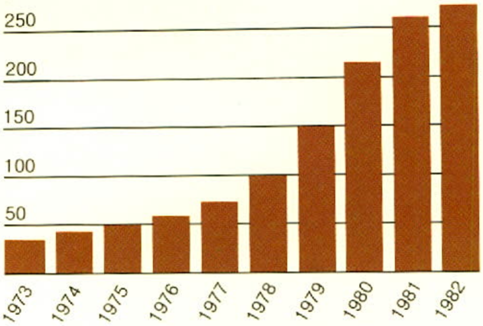
The Laidlaw motor carrier companies operate in eight provinces of Canada and the Northwest Territories, as well as between Ontario and Quebec, and many states in the U.S. During the past year, the Company was granted significant extensions to operating authorities, thus enabling it to haul goods between Ontario and the Provinces of New Brunswick, Nova Scotia and Prince Edward Island, as well as between Ontario and points in twenty-three of the northeastern states of the U.S. and between points in Michigan, New York and Ohio on one hand and points within twenty of the northeastern states on the other hand. In providing these services, a broad range of types of vehicles are utilized. Many of the vehicles are specially designed to handle bulk commodities and containers.

Laidlaw's passenger service companies operate in Ontario, Manitoba and Alberta and provide charter and tour services from those provinces to virtually all of Canada and the U.S. Regularly scheduled bus routes are operated in Ontario and throughout Manitoba. Over 2,700 buses are used to provide the above services. In addition, the Company operates more than 900 taxis in Alberta. Parcel express and express delivery mail services are provided along with passenger transportation. School bus transportation is a significant contributor to the passenger service operations. Over 2,400 school buses are in operation under contracts with 52 school boards in Ontario. Special vehicles are also used for the transportation of the handicapped.

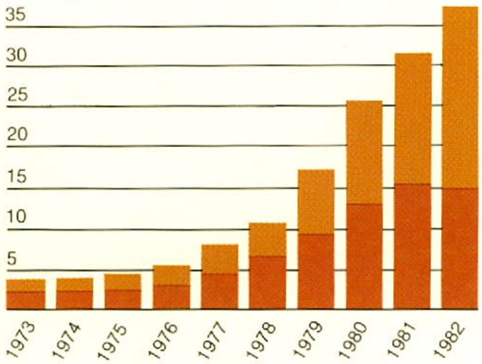
Ten year financial review

($000's omitted except for per share amounts)

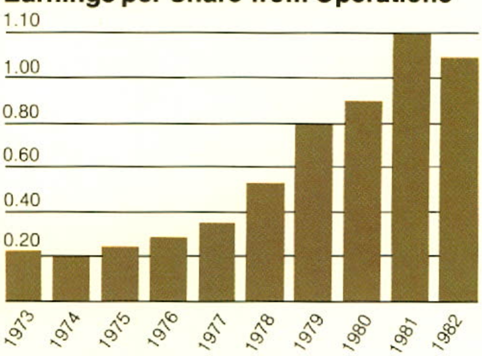
Revenue
(Millions)



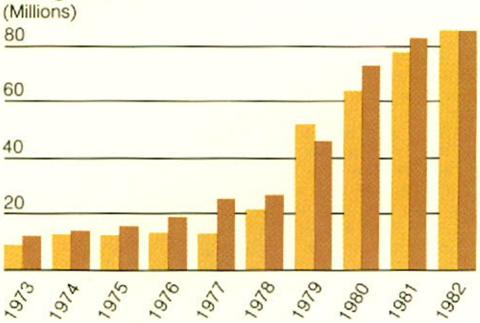
Cash Flow **Earnings**
from Operations
(Millions)



Earnings per Share from Operations



Shareholders' Equity
Long-Term Debt
(Millions)



Operating results (year ending August 31)	**1982**	1981
Revenue	**$273,772**	$258,196
Net earnings from operations	**14,500**	15,095
Funds provided from operations	**36,958**	33,106
Operating profit margin	**22.2%**	20.5%
Net capital expenditures	**$ 36,676**	$ 46,119

Financial position (as at August 31)		
Working capital	**$ 24,136**	$ 10,359
Long-term debt	**84,194**	78,780
Shareholders' equity	**84,314**	81,481
Total assets	**$251,360**	$242,081

Class A and Class B Shares (year ending August 31)		
Earnings per share from operations	**$1.06**	$1.10
Dividends paid		
—Class A Shares	**20.0 Cts.**	20.0 Cts.
—Class B Shares	**24.0 Cts.**	24.0 Cts.
Market price range		
—Class A Shares—high	**$ 9.75**	$10.75
—low	**5.13**	7.25
—Class B Shares—high	**10.13**	10.13
—low	**5.88**	6.38
Net return on average equity	**19.9%**	23.0%
Shares outstanding (as at August 31)		
—Class A Shares	**5,292,470**	5,292,470
—Class B Shares	**6,291,670**	6,291,670

1980	1979	1978	1977	1976	1975	1974	1973
$215,855	$152,034	$100,240	$ 76,337	$ 60,555	$ 51,352	$ 46,346	$ 36,128
12,618	9,407	6,832	4,633	3,483	2,819	2,533	2,431
25,540	17,687	10,868	8,440	5,951	4,594	4,093	3,834
19.4%	18.4%	17.9%	16.9%	17.1%	16.1%	16.4%	19.0%
$ 31,988	$ 68,084	$ 12,144	$ 10,132	$ 5,273	$ 3,973	$ 4,402	$ 4,925

$ 15,754	$ 3,126	$ 10,181	$ 10,714	$ 3,467	$ 3,190	$ 3,166	$ 3,326
64,120	51,404	21,791	14,156	15,513	13,396	11,424	9,392
73,039	47,854	27,365	25,759	19,554	17,273	15,657	10,903
$201,266	$163,125	$ 71,490	$ 57,570	$ 47,748	$ 41,738	$ 35,738	$ 27,879

(All information gives retroactive effect to subdivisions of shares of 2 for 1 in March 1979 and 2 for 1 in August 1979)

$0.92	$0.81	$0.55	$0.37	$0.29	$0.23	$0.21	$0.22
20.0 Cts.	16.0 Cts.	8.01 Cts.	7.56 Cts.	7.0 Cts.	7.0 Cts.	7.0 Cts.	5.5 Cts.
24.0 Cts.	16.0 Cts.	8.01 Cts.	7.56 Cts.	7.0 Cts.	7.0 Cts.	7.0 Cts.	5.5 Cts.
$9.88	$10.00	$4.00	$2.50	$2.00	$1.63	$3.63	$4.53
5.63	4.63	1.94	1.38	1.10	0.73	1.03	2.53
9.50	9.75	(Market established in August 1979 when each Class A Share existing at that time was subdivided 2 for 1 into 1 Class A Share and 1 Class B Share)					
4.85	9.63						
24.0%	27.5%	28.5%	23.0%	21.0%	19.3%	22.3%	36.7%
5,292,470	5,292,470	5,436,840	5,707,840	5,856,110	5,942,940	6,015,756	5,425,526
6,291,670	5,292,470	5,436,840	5,707,840	5,856,110	5,942,940	6,015,756	5,425,526

Consolidated balance sheets

($000's omitted)

as at August 31	1982	1981
Assets		
Current assets		
Cash and short-term deposits	**$ 2,603**	$ 3,073
Marketable securities (Market value: 1982—$5,859 1981—$3,011) *(Note 2)*	**6,488**	3,286
Accounts receivable		
Trade *(Note 2)*	**26,422**	34,012
Other	**3,348**	3,338
Income taxes recoverable	**3,902**	—
Inventories		
Parts and supplies	**5,568**	6,170
Buses and properties for resale	**13,466**	7,063
Prepaid expenses	**5,869**	5,830
Current portion of conditional sales agreements, mortgages and other long-term receivables	**1,834**	1,510
Total current assets	**69,500**	64,282
Long-term investments		
Conditional sales agreements, mortgages and other long-term receivables	**2,473**	5,290
Other investments *(Note 3)*	**4,469**	2,008
	6,942	7,298
Fixed assets		
Land, landfill sites and improvements	**25,958**	29,009
Buildings	**24,690**	28,291
Automotive and other equipment	**141,658**	128,876
Equipment under long-term capital leases *(Note 4)*	**13,351**	7,865
	205,657	194,041
Less: Accumulated depreciation	**59,626**	50,489
	146,031	143,552
Other assets		
Excess cost of shares of subsidiaries over book value of net assets	**15,095**	13,671
Operating authorities	**11,394**	11,556
Unamortized bond discount and deferred charges	**2,398**	1,722
	28,887	26,949
	$251,360	$242,081

Signed on behalf of the Board

Michael G. DeGroote, Director

Donald M. Green, C.M., Director

The accompanying notes are an integral part of these statements.

	1982	1981
Liabilities		
Current liabilities		
Bank advances *(Note 2)*	**$ 2,584**	$ 6,874
Accounts payable and accrued liabilities	**22,682**	25,465
Accounts payable secured by new buses for resale	**3,938**	3,056
Income taxes payable	**917**	5,943
Current portion of long-term debt	**15,243**	12,585
Total current liabilities	**45,364**	53,923
Long-term debt *(Note 4)*	**84,194**	78,780
Deferred income taxes	**19,938**	18,192
Minority interest *(Note 5)*	**17,550**	9,705
	167,046	160,600

Shareholders' equity		
Capital stock *(Note 6)*	**34,762**	35,425
Excess of appraised value of land and buildings over book value	**3,439**	4,057
Retained earnings	**46,113**	41,999
	84,314	81,481
	$251,360	$242,081

The accompanying notes are an integral part of these statements.

Consolidated statements of earnings and retained earnings

($000's omitted)

for the year ended August 31	1982	1981
Revenue	**$273,772**	$258,196
Operating expenses	**213,110**	205,198
Earnings before the following	**60,662**	52,998
Depreciation and amortization	**21,665**	16,001
Interest on long-term debt	**14,309**	11,743
Interest and dividend income	**(1,157)**	(1,132)
	34,817	26,612
Earnings before income taxes	**25,845**	26,386
Provision for income taxes		
Current	**7,568**	7,525
Deferred	**2,672**	3,276
	10,240	10,801
Earnings before minority interest and extraordinary items	**15,605**	15,585
Minority interest	**1,105**	490
Earnings before extraordinary items	**14,500**	15,095
Extraordinary items *(Note 7)*	**(5,924)**	(1,278)
Net earnings for the year *(Note 8)*	**8,576**	13,817
Retained earnings—beginning of year	**41,999**	32,943
	50,575	46,760
Appraisal increase realized from the sale of land and buildings and from depreciation	**(145)**	(51)
Gain on purchases of preference shares	**(185)**	(142)
Expense of share issues and capital reorganization	**—**	12
Dividends		
Preference shares	**2,224**	2,374
Class A and Class B shares	**2,568**	2,568
	4,462	4,761
Retained earnings—end of year	**$ 46,113**	$ 41,999

The accompanying notes are an integral part of these statements.

Consolidated statements of changes in financial position

($000's omitted)

for the year ended August 31	1982	1981
Source of funds		
Provided from operations	**$ 36,958**	$ 33,106
Transfer of fixed assets to properties for resale	**5,130**	1,416
Proceeds of long-term debt	**66,633**	51,006
Proceeds of sale of fixed assets	**18,232**	11,784
Proceeds from conditional sales, agreements, mortgages and other long-term receivables	**3,424**	4,633
Extraordinary items	**973**	—
Minority interest introduced	**9,019**	801
	140,369	102,746
Use of funds		
Purchase of fixed assets	**47,089**	53,382
Reduction in long-term debt	**61,482**	36,346
Purchase of minority interests in subsidiaries	**1,218**	998
Dividends	**5,344**	5,076
Purchase of other assets	**7,819**	4,521
Increase in conditional sales agreements, mortgages and other long-term receivables	**3,137**	6,087
Purchase of preference shares for redemption	**503**	453
Extraordinary item	**—**	1,278
	126,592	108,141
Increase (decrease) in funds	**13,777**	(5,395)
Working capital—beginning of year	**10,359**	15,754
—end of year	**24,136**	10,359
Funds represented by		
Current assets	**69,500**	64,282
Current liabilities	**45,364**	53,923
Working capital—end of year	**$ 24,136**	$ 10,359

The accompanying notes are an integral part of these statements.

Notes to consolidated financial statements

1. Significant accounting policies

Consolidation

The purchase method of accounting for business combinations has been used and the accounts of all subsidiaries have been consolidated.

Inventories

Inventories are recorded at the lower of cost or replacement cost.

Fixed assets

The Company revalued substantially all of its land and buildings owned prior to September 1, 1978 to fair market value as of August 31, 1979, based on appraisals made by independent appraisers.

Depreciation

Depreciation of fixed assets is provided from the date assets are put into service over their estimated useful lives substantially as follows:

On a straight line basis for:
- Trucks over 5 years
- Trailers over 8 years
- Buses over 15 years
- School buses over 10 years
- Taxicabs over 4 years
- Containers over 15 years
- Buildings either over 20 years or 40 years depending on their structure
- Landfill sites and improvements over 15 years or 40 years

On a declining balance basis at annual rates for:

Service vehicles	30%
Other equipment	20%

Income taxes

Deferred income taxes are provided for all significant timing differences in reporting income and expenses for financial statement and tax purposes. The timing differences arise substantially from differences in accounting and tax depreciation. Investment tax credits are accounted for by a reduction in the current tax provision in the year claimed.

Other assets

For acquisitions made prior to April 1, 1974, it is the policy of the Company not to amortize excess cost of shares of subsidiaries over book value of net tangible assets and operating authorities as, in the opinion of management, there is no reason to expect a decline in the value of these assets. For acquisitions after March 31, 1974, the excess cost of shares over fair value of net tangible assets acquired is amortized on a straight line basis over forty years.

Bond discount is amortized over the term of the corresponding debt and deferred charges are amortized on a straight-line basis over a two to five year period depending on the nature of the deferred cost.

Leases

Effective September 1, 1979, the Company changed its method of accounting for long-term capital leases. Capital leases entered into after this date are being accounted for as purchases of equipment. Assets recorded under capital leases are amortized over their useful lives in accordance with existing depreciation policies. Obligations recorded under capital leases are reduced by rental payments net of interest. Capital leases existing at August 31, 1979 are accounted for as operating leases. The effect of not applying this change retroactively is disclosed in note 10.

Foreign exchange

The accounts of foreign subsidiaries have been converted to Canadian currency on the following bases:

Current assets and current liabilities at the exchange rates prevailing at the end of the year;

All other assets and liabilities at the exchange rates prevailing at the date of acquisition or transaction;

Income or expense at average rates during the year except for depreciation provisions which are on the same basis as the related assets.

Exchange gains or losses are included in determining net earnings for the year in which realized.

2. Security for bank loans

Book debts of certain subsidiaries in the amount of $12,971,000 (1981—$20,025,000), marketable securities and shares in certain subsidiary companies have been pledged as security for certain current and term bank loans and advances.

3. Other investments

Other investments include investments in Wellore Resources Ltd. and Wellore Explorations (1980) Ltd. carried at cost of $4,469,000 (1981—$2,008,000), (net of income tax benefits of $590,000 (1981—$61,000)).

4. Long-term debt ($000's omitted)

	1982	1981
Term bank loans		
With interest at bank prime rates (secured) (note 2)	**$17,140**	$18,169
With interest at the lower of prime or London Interbank Offered Rate plus ⅝% to ¾%	**15,731**	7,114
Due on equipment		
Term bank loans secured by chattel mortgages with interest at bank prime rate due to 1988	**15,278**	16,760
Chattel mortgages and lien notes due to 1988:		
With interest rates from 9% to 13½%	**12,734**	11,526
With interest rates from 14% to 17½%	**1,339**	1,166
Mortgages due on property		
Due 1983 with interest at bank prime plus 2½%	**—**	838
Due 1987 with interest at bank prime	**4,878**	—
Due 1985 with interest at bank prime less ¼% to bank prime	**4,729**	4,992
Due 1986 with interest at bank prime	**1,552**	3,528
Due at various dates to 1993 with interest rates from 8¼% to 11½%	**2,943**	4,061
Notes		
Maturing at various dates to August 1987, with interest rates from 5¼% to 14¾%	**5,283**	6,095
Maturing 1985 with interest at bank prime rate	**1,975**	1,975
Maturing 1985 with interest at 12½%	**3,723**	4,903
Capital leases having rentals based on implicit interest rates varying from 9% to 13% and expiring at various dates to 1991 (note 10)	**7,763**	5,787
Debentures		
7½% Sinking Fund Debentures Series A due June 15, 1989, to be retired by annual principal deposits of $50,000 in each of the years 1983 to 1988 inclusive	**355**	362
8¾% Sinking Fund Debentures Series B due January 15, 1993, to be retired by annual principal deposits of $150,000 in each of the years 1983 to 1992 inclusive	**2,073**	2,135
9¼% Sinking Fund Debentures of Grey Goose Corporation Limited Series A due February 1, 1994, to be retired by annual principal deposits of $120,000 in each of the years 1984 to 1993 inclusive	**1,941**	1,954
	99,437	91,365
Less current portion	**15,243**	12,585
	$84,194	$78,780

Rentals payable under capital leases are as follows:

Year ending August 31,	
1983	$3,352
1984	2,340
1985	1,802
1986	895
1987	537
1988-1991	1,048
Total minimum lease payments	9,974
Less: imputed interest	2,211
Balance of the obligation	$7,763

The aggregate amount of minimum retirement payments required on other long-term debts in each of the years to August 1987 is as follows:

Year ending August 31,	
1984	$10,907
1985	14,170
1986	17,568
1987	4,275

5. Minority interest ($000's omitted)

	1982	1981
The minority interest consists of:		
Preference shares issued by subsidiaries	**$ 6,216**	$7,062
Other equity of subsidiaries	**11,334**	2,643
	$17,550	$9,705

Notes to consolidated financial statements—continued

6. Capital stock

(a) Authorized

The following is the authorized capital:

First, Second, Third and Fourth Preference Shares, each of which is issuable in series, of which 360,100 are designated as First Preference Shares Series C and an unlimited number are designated as First Preference Shares Series E.

Class A and Class B Shares

Class A Shares are voting and Class B Shares are entitled to a priority in the payment of dividends, after provision for which Class A and Class B Shares rank equally in all distributions.

(b) Issued and fully paid ($000's omitted)

	1982		1981	
	Shares	**Amount**	Shares	Amount
	(thousands)		(thousands)	
9¾% cumulative First Preference Shares Series C; redeemable from February 16, 1982 at a stated value of $10 each plus a premium varying from 7% to 1% of stated value until February 15, 1987 and thereafter without any premium	**360**	**$ 3,601**	369	$ 3,686
8% cumulative First Preference Shares Series E; redeemable from November 16, 1984 at a stated value of $10 each plus a premium varying from 6% to 1% of stated value until November 15, 1990 and thereafter without any premium	**1,722**	**17,222**	1,780	17,800
Class A Shares	**5,292**	**2,845**	5,292	2,845
Class B Shares	**6,292**	**11,094**	6,292	11,094
		$34,762		$35,425

(c) During the year the Company purchased and cancelled 8,500 First Preference Shares Series C at a cost of $61,000 and 57,821 First Preference Shares Series E at a cost of $417,000.

7. Extraordinary items ($000's omitted)

	1982	1981
Loss on discontinuance, disposal and liquidation of businesses, net of applicable income taxes of $1,296,000 (1981—$1,230,000)	**$3,174**	$1,278
Loss on financing certain assets of Boss-Linco Lines, Inc. and on financing the sale of its shares (net of applicable income taxes of $3,428,000)	**5,860**	—
Gain on public issue of shares of a subsidiary	**(3,110)**	—
	$5,924	$1,278

8. Earnings per share

	1982	1981
Earnings before extraordinary items	**$1.06**	$1.10
Extraordinary items	**(0.51)**	(0.11)
Net earnings for the year	**0.55**	0.99

The earnings per share figures are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years.

9. Acquisitions

During the year, six waste removal businesses were acquired for an aggregate consideration of $3,945,000, of which $2,000,000 was payable in cash and $1,945,000 in notes with interest at 10%.

These acquisitions are summarized as follows: ($000's omitted)

Net tangible assets acquired at book value	$ 681
Increase of net assets to fair value at date of acquisition	1,172
Excess of cost over fair value of net assets acquired	2,092
Total consideration given	$3,945

The use of working capital on these acquisitions consisted of: ($000's omitted)

Non-current assets acquired	$8,937
Non-current liabilities assumed	3,354
	5,583
Long-term debt financing	4,355
Net decrease in working capital	$1,228

C

LAIDLAW TRANSPORTATION LIMITED

REGISTERED OFFICE

110 KING STREET WEST

HAMILTON, ONTARIO

NOTICE OF ANNUAL MEETING OF CLASS A SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of the Class A Shareholders of LAIDLAW TRANSPORTATION LIMITED will be held in the Regency East Ballroom of the Four Seasons Hotel at 21 Avenue Road, Toronto, Ontario, Canada on Thursday, the 12th day of January, 1984 at 4:15 p.m. (Local Time) for the following purposes:

(a) To receive the Annual Report of the Directors to the Shareholders and the Financial Statements for the year ended August 31, 1983, together with the Auditors' Report thereon;

(b) To elect directors;

(c) To appoint auditors and to authorize the Directors to fix their remuneration; and

(d) To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to complete, date, sign and return before the meeting the enclosed form of proxy in the envelope enclosed for that purpose.

DATED at Hamilton, Ontario, this 28th day of November, 1983.

By order of the Board of Directors

IVAN R. CAIRNS
Secretary

LAIDLAW TRANSPORTATION LIMITED

PROXY CIRCULAR

SOLICITATION OF PROXIES

THIS PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF LAIDLAW TRANSPORTATION LIMITED (the "Corporation") of proxies to be used at the Annual Meeting of Class A Shareholders of the Corporation to be held at the time and place and for the purposes set forth in the enclosed notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The costs of solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. A shareholder desiring to appoint some other person to represent him at the meeting may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed form of proxy to the Secretary of the Corporation. The by-laws of the Corporation provide that a person appointed as a proxy need not be a shareholder of the Corporation.

A shareholder may revoke his proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the Registered Office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the meeting on the day of the meeting, or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR OR WITHHELD FROM VOTING IF SO INDICATED ON THE FORM OF PROXY. The persons named on the printed portion of the enclosed form of proxy will vote, or withhold from voting, the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, or other matters which may properly come before the meeting. At the time of printing this circular the management of the Corporation knows of no such amendments, variations or other matters to come before the meeting.

VOTING SHARES

Every person shall be entitled to vote at the meeting who, at the close of business on the day immediately preceding the day on which the aforesaid notice of meeting is given, is entered on the securities register of the Corporation as the holder of one or more Class A Shares. If a person has acquired shares after such date, that person is entitled to vote those shares at the meeting upon producing properly endorsed share certificates, or otherwise establishing share ownership, and demanding the inclusion of his name in the list of shareholders not later than ten days before the date of the meeting.

As of the date hereof there are 10,584,940 Class A Shares outstanding, each carrying the right to one vote per share. The articles of the Corporation provide that the directors may impose constraints on the right to transfer the Class A Shares. To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns equity shares carrying more than 10% of the voting rights attached to all equity shares of the Corporation other than Michael G. DeGroote, President of the Corporation who, through companies which he controls, owns or exercises control over, a total of 5,294,308 Class A Shares. These, together with 50,424 Class A Shares held personally, represent 50.48% of the total outstanding equity shares having voting rights. In addition, Mr. DeGroote owns or exercises control over 2,438,432 Class B Shares and 200,000 Series E First Preference Shares.

ELECTION OF DIRECTORS

The board consists of eleven directors who are elected annually. Each director will hold office until the next annual meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The Corporation has both an Audit Committee and an Executive Committee. The members of the Audit Committee are Messrs. Francolini, Green and Soule; the members of the Executive Committee are Messrs. DeGroote, Rosen and Soule.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, other positions and offices with the Corporation and any significant affiliate thereof now held by him, his principal occupation or employment, the period of service as a director of the Corporation and the approximate number of each class of shares of the Corporation beneficially owned by him or over which he exercises control or direction as of the date hereof.

Name and Position or Office with Corporation and Significant Affiliate	Principal Occupation	Director since	Number of Shares (Note 1)
MICHAEL G. DEGROOTE President, Laidlaw Transportation Limited President & Director, Grey Goose Corporation Limited Executive Vice-President & Director, Travelways Ltd. Chairman of the Board & Director, Laidlaw Industries, Inc.	President, Laidlaw Transportation Limited	1966	(Note 2)
WILLIAM P. COOPER (Note 3)	President and Chief Executive Officer, Cooper Construction Company Limited (Construction Company)	1983	2,500 Class B
GENO F. FRANCOLINI	Vice-Chairman & Chief Executive Officer, Livingston International, Inc. (Total Distribution Services)	1982	—
DOUGLAS R. GOWLAND Executive Vice-President, Motor Carrier Group, Laidlaw Transportation Limited and Grey Goose Corporation Limited	President, Laidlaw Transport Limited	1978	60,000 Class B
DONALD M. GREEN	Chairman & Chief Executive Officer, The Tridon Companies (Automotive Parts Manufacturing)	1980	—
RONALD S. MURRAY Executive Vice-President, Waste Systems Group, Laidlaw Transportation Limited President, Laidlaw Industries, Inc.	President, Laidlaw Industries, Inc.	1978	60,000 Class B
LAURENCE J. NEEDLER Chairman & Director, Travelways Ltd.	Chairman, Travelways Ltd.	1979	843,360 Class A 217,500 Class B 404,803 First Pref. E
JACK M. ROSEN	President, Rosen Industries Ltd. (Waste Recycling)	1974	2,000 Class A
RALPH J. SAZIO	President, The Toronto Argonaut Football Club (Professional Football Club)	1982	—
HALLIWELL SOULE, Q.C. Vice-President, Corporate Affairs, Laidlaw Transportation Limited Director, Grey Goose Corporation Limited, Director, Travelways Ltd.	Vice-President, Corporate Affairs, Laidlaw Transportation Limited	1966	30,000 Class B
RONALD A. THIESSEN Director, Grey Goose Corporation Limited Executive Vice-President, Laidlaw Industries, Inc.	Executive Vice-President, Laidlaw Industries, Inc.	1981	5,800 Class B

NOTE 1: The information as to shares beneficially owned or over which they exercise control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

NOTE 2: Refer to information contained under the heading Voting Shares in this circular.

NOTE 3: Mr. Cooper has been President and Chief Executive Officer of Cooper Construction Company Limited for more than five years.

DIRECTORS' AND OFFICERS' REMUNERATION FROM THE CORPORATION AND ITS SUBSIDIARIES

NATURE OF REMUNERATION EARNED

	Directors' fees	Salaries	Bonuses	Non-accountable expense allowances	Others	Total
REMUNERATION OF DIRECTORS (A) Number of Directors: 11 (B) Body Corporate incurring the expense: Laidlaw Transportation Limited	$20,500	NIL	NIL	NIL	NIL	$20,500
REMUNERATION OF OFFICERS (A) Number of Officers: 6 (B) Body Corporate incurring the expense: Laidlaw Transportation Limited	NIL	$311,221	$50,430	NIL	NIL	$361,651
Grey Goose Corporation Limited	NIL	$ 82,333	NIL	NIL	NIL	$ 82,333
Laidlaw Industries, Inc.	NIL	$114,278	$22,978	NIL	NIL	$137,256
TOTALS	$20,500	$507,832	$73,408	NIL	NIL	$601.740

The cost to the Corporation and its subsidiaries in the last completed financial year of all benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the persons referred to above is Nil and no options to purchase shares were granted to or exercised by any of such persons during such year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Under an existing policy of insurance, the Corporation is entitled to be reimbursed for indemnity payments it is required or permitted to make to Directors and Officers. The Directors and Officers of the Corporation as individuals are insured for losses arising from claims against them for certain of their acts, errors or omissions as such. The policy provides maximum coverage in any one policy year of an aggregate of $40,000,000 with a deductible per occurrence of $25,000. As at the date hereof, all of the Directors and Officers of the Corporation are included as insureds under the policy. All premiums for the policy are paid by the Corporation. The annual premium in the current fiscal year is $17,660. The premiums for the policy are not allocated between Directors and Officers as separate groups.

APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Coopers & Lybrand, Chartered Accountants, as auditors of the Corporation.

The contents and the sending of this proxy circular have been approved by the directors of the Corporation.

DATED at Hamilton, Ontario as of the 28th day of November, 1983..

Ivan R. Cairns

IVAN R. CAIRNS
Secretary

10. Lease commitments

Rentals payable under leases accounted for as operating leases which expire from 1982 to 1990 for leased premises and equipment, totalling $10,674,000 (1981—$15,364,000) are as follows: ($000's omitted)

Year ending August 31,	
1983	$4,155
1984	2,926
1985	1,829
1986	1,089
1987	565
1988-1990	110

Although retroactive accounting for leases has been recommended by the Canadian Institute of Chartered Accountants, it is not required and has not been adopted.

The capital leases in existence at August 31, 1979 continue to be accounted for as operating leases. The effect of the capitalization of such leases would be to increase net fixed assets by $6,724,000, liabilities by $5,431,000 and net earnings for the year by $491,000 ($0.04 per share).

11. Other commitments

Under an agreement dated February 12, 1981, the Company is committed to purchase, at a date to be determined by the vendor, in the period from September 1, 1982 to August 31, 1983, for a cash consideration of U.S. $3,256,000, a landfill site upon which the Company is currently conducting operations and is in possession as a lessee of the property.

12. Contingent liabilities

A subsidiary of the Company is contingently liable as guarantor in the amount of $2,418,000 in respect of secured finance contracts on vehicles sold by such subsidiary.

Under the Chapter 11 bankruptcy proceedings of Boss-Linco Lines, Inc., commenced in March 1982, a suit has been filed against the Company on behalf of Boss-Linco Lines, Inc. and its creditors alleging the illegality of certain transactions between the Company and Boss-Linco Lines, Inc. and claiming the return of property exchanged in such transactions and certain damages allegedly associated therewith. The Company believes these claims to be without merit and, based on consultations with its legal advisors, does not expect the outcome to be materially adverse to the Company.

13. Domestic and foreign operations

The Company conducts its operations in Canada and the United States. Information respecting these segments is as follows: ($000's omitted)

	1982	1981
Revenue		
Canada	**$231,527**	$233,942
U.S.A.	**42,245**	24,254
Total	**$273,772**	$258,196
Earnings from operations before the following:		
Canada	**$ 33,469**	$ 33,661
U.S.A.	**6,685**	4,468
Total	**40,154**	38,129
Interest on long-term debt	**14,309**	11,743
Provision for income taxes	**10,240**	10,801
Minority interest	**1,105**	490
Extraordinary items	**5,924**	1,278
	31,578	24,312
Net earnings for the year	**$ 8,576**	$ 13,817
Total assets		
Canada	**$192,142**	$205,434
U.S.A.	**59,218**	36,647
Total	**$251,360**	$242,081

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Laidlaw Transportation Limited as at August 31, 1982 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at August 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

November 25, 1982
Hamilton, Ontario

Coopers & Lybrand
Chartered Accountants