

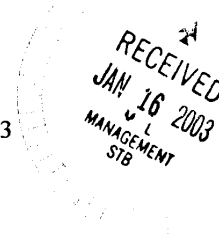
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ORIGINAL

January 14, 2003



Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

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Office of Proceedings

JAN 16 2003

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Public Record

Dear Secretary Williams:

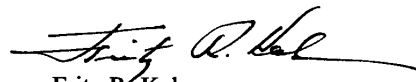
This refers to STB Docket No. MC-F-20940, Laidlaw Inc. and Laidlaw Transit Acquisition Corporation--Merger--Greyhound Lines, Inc., and to the decision of the Board, served December 6, 2000.

Enclosed are eleven copies of the audited results of Laidlaw Inc. for the year ending August 31, 2002.

An additional copy of this letter and its attachment are enclosed for you to stamp to acknowledge your receipt of them and to return to me in the enclosed stamped and self-addressed envelope.

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Rosalind A. Knapp, Esq.
Stephen E. Barber, Esq.
Roger W. Fones, Esq.
Theodore C. Knappen, Esq.
Mark E. Southerst, Esq.



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Laidlaw Releases Audited Fiscal 2002 Results; Expects to Emerge from Chapter 11 by March 31, 2003

Burlington, January 10, 2003

Laidlaw Inc today released its audited results for the year ended August 31, 2002. The operating results contained in these statements are unchanged from the unaudited results previously announced on December 19, 2002.

Consolidated Revenue

Consolidated revenue from the Company's Contract Bus Services, Greyhound and Healthcare Services for the year ended August 31, 2002 was \$4.43 billion, a marginal growth on the \$4.42 billion reported in 2001.

Earnings

The Company reported a net loss for the year ended August 31, 2002 of \$124.4 million or \$0.38 per share after a goodwill impairment charge of \$194.7 million (2001 - \$1,105.1 million). This compares to a net loss of \$598.9 million or \$1.84 per share in 2001.

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) and before goodwill impairment charges were \$421.0 million for the year ended August 31, 2002 compared with \$383.4 million for fiscal 2001.

As previously disclosed on December 19, 2002, the Company filed a Second Amended Joint Plan of Reorganization with the United States Bankruptcy Court on September 24, 2002. The projected consolidated statements of operations contained in the plan anticipated EBITDA of \$500 million for fiscal 2002. However, a subsequent review of the actuarial cost projections for current- year and maturing prior-year accident claims indicated a negative trend in settlement amounts. Accordingly, the Company increased its reserve estimates, primarily relating to prior year incidents, resulting in an additional charge to earnings of \$60 million. "In addition to this increased provision, a number of other smaller items came to light in the course of conducting the year-end review of our operations" said Kevin Benson, President and Chief Executive Officer. "We felt it was prudent to provide for these losses and we believe that these will not be repeated in subsequent years".

There was no income from discontinued operations in fiscal 2002 as the Company's healthcare operations were reinstated as continuing operations in fiscal 2001. In addition the Company's investment in Safety-Kleen Corp., which had filed voluntarily petitions for Chapter 11 relief in the United States Bankruptcy Court for the District of Delaware on June 9, 2000,

was abandoned abandoned in fiscal 2002 and has now been shown as a discontinued operation.

The company expects to shortly file a Third Amended Joint Plan of Reorganization. The amended filing will include projected consolidated statements of operations reflecting our latest EBITDA estimates for 2003 of approximately \$500 million before restructuring charges, and contemplates the effective date of the reorganization to be March 31, 2003.

"In prior years, the Company has prepared its financial statements according to Canadian GAAP and included a note reconciling differences to US GAAP requirements," said Benson. "However, our commitment to apply for a listing on the New York Stock Exchange in connection with our emergence from chapter 11 necessitates the preparation of full US GAAP financial statements as at August 31, 2002. This has complicated and delayed the finalization of the statements, particularly in light of the many reporting requirement changes underway under US GAAP. I am pleased to have the statements completed and anticipate completing our reorganization process by the end of March this year. In particular, I look forward to being able to focus our energies on the real opportunities of growing our revenue and earnings."

Resolution of PBGC Issues

The Company has been in discussion with the Pension Benefit Guaranty Corporation, a United States government corporation that administers the mandatory termination insurance program for defined benefit pension plans under the Employee Retirement Income Security Act. These discussions centred on the claims asserted by the PBGC against the Company in the U.S. bankruptcy proceedings regarding funding of the Greyhound U.S. Plans. As previously announced, the Company and the PBGC have orally agreed to resolve the claims of the PBGC, subject to negotiation and execution of a definitive agreement. The terms of this agreement, in essence, provide for the Company to contribute an aggregate amount of \$150 million to such Greyhound U.S. Plans, in excess of minimum contributions. This amount will be contributed as follows:

- \$50 million in cash on exit from bankruptcy protection;
- \$50 million in cash in June 2004;
- \$50 million from the sale of Laidlaw Stock placed in trust upon exit from bankruptcy and sold over the period to December 30, 2004.

Factors That May Affect Future Results

Certain statements contained in this press release that are not historical facts, including statements regarding the status of the Company's reorganization and timing for emergence from chapter 11 protection and EBITDA estimates for 2003, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements

involve certain risks, uncertainties and assumptions that include, but are not limited to; the negotiating positions of various constituencies and the results of negotiations regarding restructuring plans; the successful completion of the registration of the common stock of the Company with the U.S. Securities and Exchange Commission, particularly in the light of the scope limitation that is contained in the audit report for the U.S. financial statements, and, upon registration of such shares with the SEC, obtaining approval for the listing of these shares on the New York Stock Exchange; the Company's ability to continue as a going concern; market factors, including competitive pressures and changes in pricing policies; changes in interpretations of existing legislation or the adoption of new legislation; loss of major customers; the ability to continue to satisfy bonding requirements for existing or new customers; volatility in energy costs; the costs and risks associated with litigation; costs related to accident and other claims; the negotiation and execution of a definitive agreement with the U.S. Pension Benefit Guaranty Corporation; general economic conditions; and other factors detailed from time to time in the Company's filings with the SEC. Should one or more of these risks or uncertainties materialize, actual outcomes may vary materially from those indicated. Note that EBITDA is an earnings measure that does not have any standardized meaning under GAAP.

Laidlaw Inc. is a holding company for North America's largest providers of school and intercity bus transportation, public transit, patient transportation and emergency management services.

LAIDLAW INC.
(Debtor-in-Possession as of June 28, 2001)
CONSOLIDATED BALANCE SHEETS

August 31 (U.S. \$ millions)	2002	2001
ASSETS		
Current assets		
Cash and cash equivalents	\$ 343.5	\$ 281.2
Restricted cash and cash equivalents	75.8	37.2
Short-term deposits and marketable securities		
- at cost which approximates market value	16.1	42.4
Trade accounts receivable	490.4	509.7
Other receivables	54.9	62.6
Income taxes recoverable	29.2	20.1
Parts and supplies	50.4	54.4
Other current assets	64.0	70.3
Total current assets	1,124.3	1,077.9
Long-term investments	413.3	339.6
Property and equipment	1,677.7	1,680.7

Other assets		
Goodwill (net of accumulated amortization and impairments of \$2,939.7; August 31, 2001 - \$2,718.2)	813.1	1,034.8
Pension asset	43.1	45.2
Deferred charges	19.6	31.6
	875.8	1,111.6
Total assets	\$4,091.1	\$4,209.8

Prepared in accordance with Canadian GAAP

LAIDLAW INC.
(Debtor-in-Possession as of June 28, 2001)
CONSOLIDATED BALANCE SHEETS

August 31 (U.S. \$ millions)	2002	2001
LIABILITIES		
Liabilities not subject to compromise		
Current liabilities		
Accounts payable	\$ 109.7	\$ 127.1
Accrued liabilities	504.1	430.9
Current portion of long-term debt	20.3	31.6
Total current liabilities	634.1	589.6
Long-term debt	204.4	248.6
Other long-term liabilities	382.5	373.6
Liabilities subject to compromise	3,977.1	3,978.5
Total liabilities	5,198.1	5,190.3
SHAREHOLDERS' DEFICIENCY		
Preference Shares	7.9	7.9
Common Shares; issued and outstanding 325,927,870 (August 31, 2001 - 325,927,870)	2,222.6	2,222.6
Cumulative foreign currency translation adjustments	(171.4)	(169.3)
Deficit	(3,166.1)	(3,041.7)
Total shareholders' deficiency	(1,107.0)	(980.5)
Total liabilities and shareholders'		

deficiency	\$4,091.1	\$4,209.8
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Prepared in accordance with Canadian GAAP

LAIDLAW INC.
(Debtor-in-Possession as of June 28, 2001)
CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended August 31 (U.S. \$ millions except per share amounts)	2002	2001	2000
Revenue	\$4,432.1	\$4,418.3	\$4,273.1
Operating expenses	3,551.8	3,574.2	3,424.8
Selling, general and administrative expenses	459.3	460.7	462.4
Depreciation expense	270.6	261.1	255.8
Amortization expense	32.8	67.2	70.6
Goodwill impairment losses	194.7	1,105.1	-
Income (loss) from operating segments	(77.1)	(1,050.0)	59.5
Interest expense	(27.7)	(270.9)	(275.1)
Other financing related expenses	(44.7)	(63.8)	(101.5)
Other income (loss)	15.3	9.3	(10.7)
Loss from continuing operations before income taxes	(134.2)	(1,375.4)	(327.8)
Income tax recovery (expense)	9.8	45.8	(261.8)
Loss from continuing operations	(124.4)	(1,329.6)	(589.6)
Income (loss) from discontinued operations	-	730.7	(1,647.8)
Net loss	(\$124.4)	(\$598.9)	(\$2,237.4)
Basic and diluted earnings (loss) per share			
Continuing operations	(\$0.38)	(\$4.08)	(\$1.80)
Discontinued operations	-	2.24	(5.04)
Net loss	(\$0.38)	(\$1.84)	(\$6.84)

Prepared in accordance with Canadian GAAP

LAILAW INC.
(Debtor-in-Possession as of June 28, 2001)
CONSOLIDATED STATEMENTS OF DEFICIT

Year Ended August 31 (U.S. \$ millions except per share amounts)	2002	2001	2000
Deficit - beginning of year	(\$3,041.7)	(\$2,442.5)	(\$173.3)
Net loss	(124.4)	(598.9)	(2,237.4)
Dividends - Preference Shares	-	(0.3)	(0.4)
- Common Shares	-	-	(31.4)
Deficit - end of year	(\$3,166.1)	(\$3,041.7)	(\$2,442.5)
Dividends per share (Cdn.\$) - Preference Shares	\$ -	\$ 0.82	\$ 1.00
- Common Shares	-	-	0.14
(U.S.\$ equivalent)			
- Preference Shares	\$ -	\$ 0.540	\$ 0.680
- Common Shares	-	-	0.095

Prepared in accordance with Canadian GAAP

LAILAW INC.
(Debtor-in-Possession as of June 28, 2001)
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended August 31 (U.S. \$ millions)	2002	2001	2000
Net cash provided by (used in):			
Operating activities	\$ 433.8	\$ 447.7	\$ 208.4
Investing activities	(275.7)	(281.5)	(336.3)
Financing activities	(95.8)	7.0	177.7
	62.3	173.2	49.8
Cash and cash equivalents - beginning of year	281.2	108.0	58.2
Cash and cash equivalents			

- end of year	\$ 343.5	\$ 281.2	\$ 108.0
Operating activities			
Net loss	(\$124.4)	(\$598.9)	(\$2,237.4)
Add (deduct) items not affecting cash:			
Depreciation and amortization	303.4	328.3	326.4
Other financing related expenses	44.7	63.8	101.5
Future income taxes	-	-	255.2
Loss (income) from discontinued operations	-	(730.7)	1,647.8
Goodwill impairment losses	194.7	1,105.1	-
Loss (gain) on sale of assets	(4.2)	6.6	-
Increase (decrease) in accrued interest	(0.5)	246.2	76.5
Increase in claims liability and professional liability			
insurance accruals	61.6	126.9	51.7
other	(10.4)	(6.2)	12.9
Cash provided by (used in financing) other working capital items	46.2	(43.2)	35.0
Decrease (increase) in restricted cash and cash equivalents	(38.6)	8.2	(45.4)
Cash used for acquisition accruals	-	-	(5.6)
Cash used in discontinued operations	-	-	(2.9)
Cash portion of other financing related expenses	(38.7)	(58.4)	(7.3)
Net cash provided by operating activities	\$ 433.8	\$ 447.7	\$ 208.4

Prepared in accordance with Canadian GAAP

LAIDLAW INC.
(Debtor-in-Possession as of June 28, 2001)
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Year Ended August 31 (U.S. \$ millions)	2002	2001	2000
Investing activities			
Purchases of property and equipment	(\$283.3)	(\$267.3)	(\$369.0)
Proceeds from sale of property and equipment	45.5	21.8	136.6
Purchases of other assets	(1.4)	(8.8)	(5.9)
Expended on acquisitions	(3.6)	(2.0)	(67.5)
Net increase in investments	(37.1)	(45.5)	(32.9)
Proceeds from sale of assets	4.2	20.3	2.4

Net cash used in investing activities	(\$275.7)	(\$281.5)	(\$336.3)
Financing activities			
Proceeds from issue of long-term debt	\$ 172.2	\$ 342.2	\$ 932.6
Repayments of long-term and other non-current liabilities	(268.0)	(335.2)	(699.0)
Repurchase of shares for cancellation	-	-	(26.1)
Proceeds from share issues	-	-	1.9
Dividends	-	-	(31.6)
Repurchase of preference shares for redemption	-	-	(0.1)
Net cash provided by (used in) financing activities	(\$95.8)	\$ 7.0	\$ 177.7
Supplemental cash flow information			
Cash paid (received) during the year for:			
Interest	\$31.9	\$30.4	\$217.1
Income taxes	(\$10.4)	(\$51.0)	(\$21.2)

Prepared in accordance with Canadian GAAP

Additional Information

	Year Ended August 31	
	2002	2001
Revenue (\$millions)		
Contract Bus services	\$1,789.2	\$1,774.2
Greyhound	1,223.7	1,254.8
Healthcare services	1,419.2	1,389.3
Consolidated	\$4,432.1	\$4,418.3
Income from operations before depreciation and amortization (\$millions) (*)		
Contract Bus services	\$ 271.0	\$ 269.9
Greyhound	53.6	85.4

Healthcare services	96.4	28.1
	-----	-----
Consolidated	\$ 421.0	\$ 383.4
	-----	-----

Operating margins before depreciation and amortization(*)		
Contract Bus services	15.1%	15.2%
Greyhound	4.4%	6.8%
Healthcare services	6.8%	2.0%
Consolidated	9.5%	8.7%

Income (loss) from operations (\$millions)(*)		
Contract Bus services	\$ 84.4	\$ 80.1
Greyhound	(4.5)	21.6
Healthcare services	37.7	(46.6)
	-----	-----
Consolidated	\$ 117.6	\$ 55.1
	-----	-----

Operating margins(*)		
Contract Bus services	4.7%	4.5%
Greyhound	-0.4%	1.7%
Healthcare services	2.7%	-3.4%
Consolidated	2.7%	1.2%

(*) excluding goodwill impairment charges for Contract Bus services of \$13.2 million in fiscal 2002 (\$128.5 in fiscal 2001), Greyhound of \$123.5 million in fiscal 2002 (\$372.1 in fiscal 2001) and Healthcare services of \$58.0 million in fiscal 2002 (\$604.5 in fiscal 2001).

Details of revenue growth	Year Ended August 31, 2002			
	Price & Volume	Acquisitions	Foreign Exchange	Total
	-----	-----	-----	-----
Contract Bus services	1.0 %	- %	(0.2)%	0.8 %
Greyhound	(2.2)%	0.2 %	(0.5)%	(2.5)%
Healthcare services	2.2 %	- %	- %	2.2 %
Consolidated	0.5 %	- %	(0.2)%	0.3 %

For further information:

Wayne R. Bishop,
Vice President and Controller,
(905) 336-1800

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