ANNUAL REPORT 1990

LAIDLAW INC.

LAIDLAW

CORPORATE PROFILE

Laidlaw Inc. is a leader in providing vital, non-cyclical services to North Americans. Laidlaw subsidiaries provide waste collection, transportation, treatment, recycling and disposal services. They also provide school and special education bus services.

In 1969, Laidlaw made its initial public share offering in Canada. The company expanded into the United States and during the last decade grew faster than any of its major competitors.

Today, Laidlaw is recognized as:

- the third largest solid waste management company
- the second largest hazardous waste management company
- the largest operator of school buses

It is also the largest single stockholder in Attwoods plc, the fifth largest waste services company in North America, and in ADT Limited, the world's largest security and vehicle auction company.

COVER: Transporting children to and from school, and protecting the natural environment within which we all live, are Laidlaw's services businesses. Throughout this report you'll meet a few of the 35,900 Laidlaw people who deliver these vital services across North America

12 o'clock – Chris Calvin, driver, Mississauga, Ontario curbside recycling

3 o'clock – Dot Linder, driver, Carmel, New Jersey, school busing

6 o'clock – Marion Webber, laboratory manager and Dave Rohrssen, facility manager, Roebuck, South Carolina, chemical waste incineration

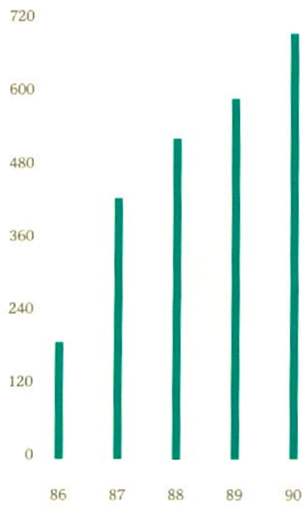
FINANCIAL HIGHLIGHTS

(U.S. $000's omitted except per share amounts)

Year Ended August 31	**1990**	1989	% Increase
Revenue	**$1,737,517**	$1,339,396	30
Income from continuing operations before unusual items	**265,478**	195,404	36
Earnings per share from continuing operations			
– before unusual items	**1.10**	0.92	20
– unusual items	—	0.06	—
Average number of shares outstanding	**233,522**	202,704	15

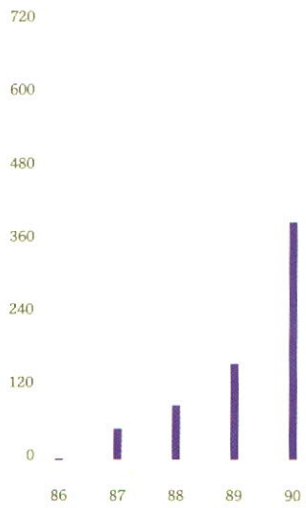
Solid Waste

Revenue
$000,000



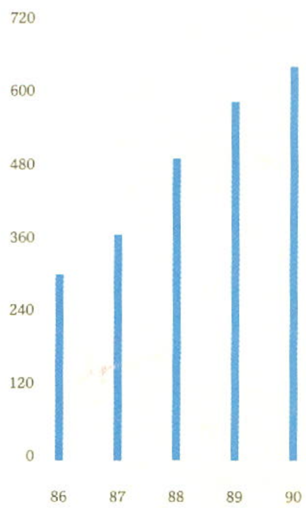
Hazardous Waste

Revenue
$000,000



Passenger Services

Revenue
$000,000



FOUNDER
MICHAEL G. DeGROOTE

In 1959, Belgian-born Michael G. DeGroote purchased Robert Laidlaw's small transport company for $300,000; the $75,000 down payment was borrowed from a bank.

Driven to succeed in this highly levered venture by an urgent belief that anything was possible, he clung to a simple thought: "Do the most with the least."

Applying that axiom, Mike was able to pay off his loan, motivate employees, build customer support and start buying companies.

By 1969, with thirty acquisitions already rolled into a flourishing enterprise, investment bankers bought into Mike's expansionary visions. The company went public. The share price – $3.00.

During the twenty years that followed, Laidlaw branched into waste management and school busing, becoming a star growth performer by almost any measure of success and one of Canada's ten largest market capitalization companies. The $3.00 share of 1969 split 108 times and is currently worth in excess of $2,300. Since 1969, revenues and earnings per share have grown at an annual compound rate of more than 30 percent.

The growth was driven by the inspiration of a visionary acquisitor for whom impossible deals held the greatest fascination and for whom the word "enough" did not exist.

His advice: "Regardless of the quality of the business or profession you are in, if you will only:

- Work hard – discipline yourself, accept nothing less than the best you can be.
- Do the most with the least.
- Be determined and consistent.
- Be accountable for achievement.
- Overcome adversity by intense, focused individual effort aimed at a target, whatever your target may be.
- And, above all, if a decision must be made, no matter how unpopular – make it. If you will do these things ... you will be successful."

Mike DeGroote announced his departure as chairman and chief executive officer of the company he founded in June, 1990.

In spite of his enormous success in the North American business community and in every aspect of his family and community life, for those who have worked in Laidlaw at all levels, for those who fought him in the market, who bought Laidlaw's services or its shares, for those who tried to keep up with his urgency, action and the need to win, and even for new acquaintances, he is just Mike.

PRESIDENT'S REPORT TO SHAREHOLDERS

Michael G. DeGroote, founder, Laidlaw Inc.
Donald K. Jackson, president and chief executive officer, Laidlaw Inc.
Peter N.T. Widdrington, chairman, Laidlaw Inc.

Financial Results During the fiscal year ended August 31, 1990, Laidlaw continued its excellent financial performance with substantial growth in revenue and profitability.

Revenue increased 30% from $1,339,396,000 to $1,737,517,000.

Net income from continuing operations before unusual and extraordinary items rose 36% from $195,404,000 to $265,478,000.

Earnings per share on the same basis, increased from $0.92 to $1.10 or 20% with an average of 15% more shares outstanding.

After discontinued operations, attributed to the sale of our tree service and remaining trucking business, extraordinary items in 1990 consisting primarily of a provision for unresolved permitting issues at a hazardous waste treatment site and unusual items in 1989 arising primarily from the sale of the Florida solid waste business, net income per share was $0.88 in 1990 compared with $1.00 last year.

Developments During the year, Laidlaw made nine hazardous waste management acquisitions, 27 in solid waste management and six in passenger services. The annualized revenues of these 42 companies total $343,000,000; the largest was Tricil Limited with annualized revenue of $225,000,000.

Tricil itself was an integrated waste management company which served generators of hazardous and solid waste in the United States and Canada and operated two waste-to-energy plants. It was the largest hazardous waste management company in Canada.

The integration of Tricil has expanded solid waste operations. The existing hazardous waste management services, operated as GSX Chemical Services, have been combined with those of Tricil, and now operate as Laidlaw Environmental Services. Laidlaw is the second largest hazardous waste management company in North America. This year we are pleased to initiate the reporting of segmented financial results for our hazardous waste businesses.

During the year, Laidlaw invested $87.3 million in Attwoods plc increasing our interest, on a fully converted basis, from 34.2% to 36.9%. In addition, Laidlaw invested $339.8 million in ADT Limited increasing our interest from 24.1% to 28.4%. Both companies are well managed growth companies in the international services sector and represent sound long-term investments for Laidlaw.

During 1990, your Company raised $438,752,000 in equity and exceeded $2 billion in net worth for the first time.

Ivan Cairns, senior vice president and general counsel

Don Jackson, president and C.E.O.

Leslie Haworth, senior vice president and chief financial officer

In December, 1989, shareholders approved Laidlaw Inc. as the new name for the Company. Laidlaw's services have broadened well beyond the meaning of "transportation" in our original name.

In July, 1990, I was pleased to announce Laidlaw's intention to list its shares on the New York Stock Exchange. We anticipate shares will commence trading during the first quarter of 1991.

Organization During the year Mr. M.G. DeGroote decided to relinquish the position of Chairman and C.E.O. after long and distinguished service to your Company. I am pleased to assume the role of Chief Executive Officer and look forward to the wise counsel of Mike DeGroote in his on-going role as Director of Laidlaw Inc.

Mr. P. Widdrington was named Chairman of Laidlaw. Mr. Widdrington has served for five years as a Laidlaw Director and is Chairman of Canada's brewing and food products company John Labatt Limited.

Mr. James F. Hankinson, President and Chief Operating Officer of Canadian Pacific Limited has joined Laidlaw's Board of Directors. In September, 1990, Mr. Kenneth Lyons joined the Company as President of Laidlaw Transit.

Objectives Laidlaw Management is committed to the following objectives:

- to focus on our core businesses of solid and hazardous waste management and school bus transportation
- to be the lowest cost producer of high quality service in these industries
- as appropriate, to develop opportunities we see outside North America in waste management services
- to maximize profit margins in all of our service segments to enhance quality of earnings.

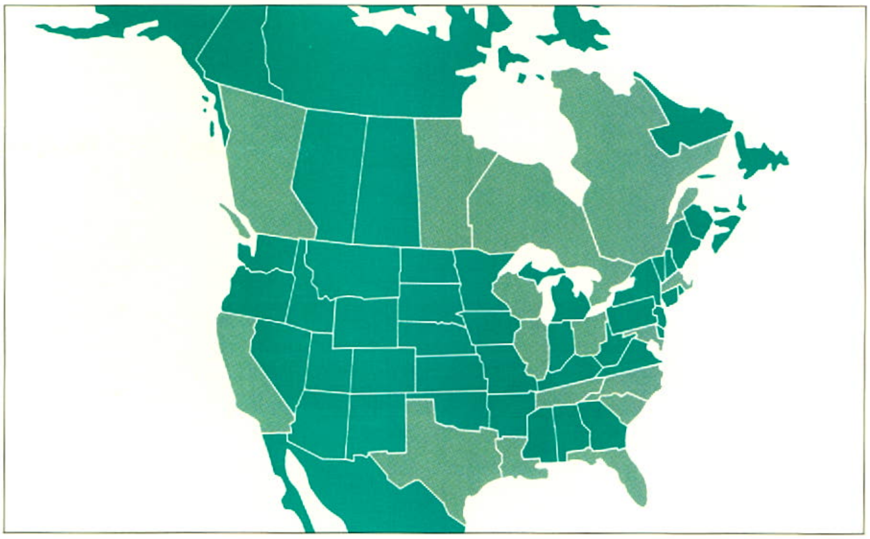
Fiscal 1991 will not be without its challenges, with a downturn in economic activity in North America and a potential energy crisis, with inevitable disruptive effects on all businesses involving transportation. Nonetheless, we are confident of the recession-resistant attributes of our three core business segments, as well as those of our associated companies, and look forward with cautious optimism to sustained revenue and earnings growth rates meeting our 20% objectives.

My thanks on your behalf go to Laidlaw's 35,900 employees for their dedicated commitment to Laidlaw's success in 1990.

Respectfully

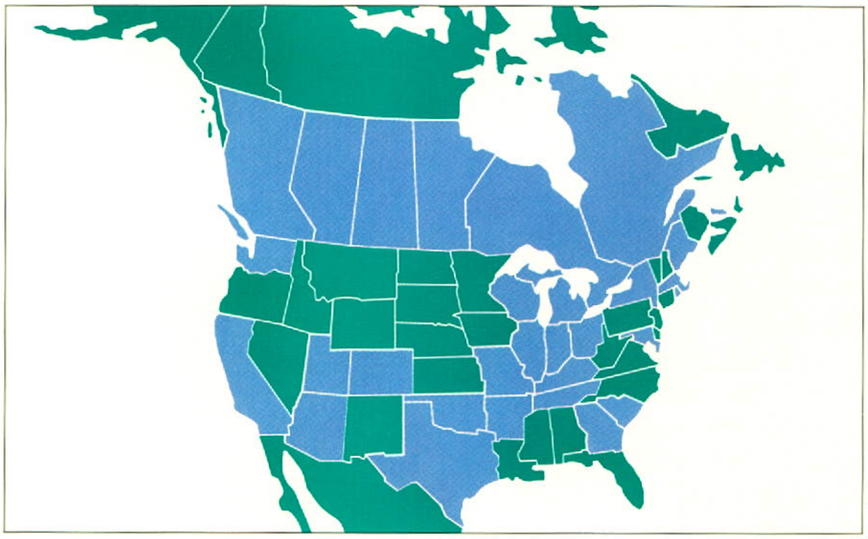
DONALD K. JACKSON
President & Chief Executive Officer

LAIDLAW'S CONTINUED GROWTH



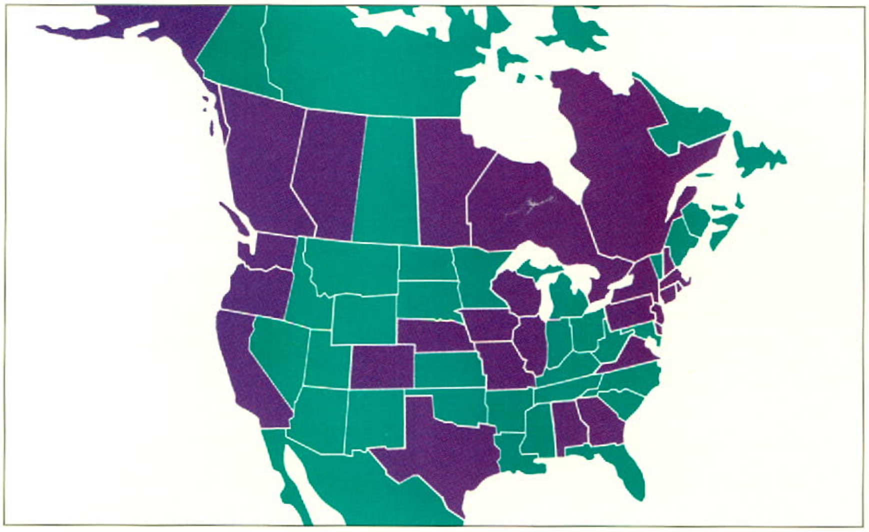
HAZARDOUS WASTE SERVICES

Locations	54
U.S. States	12
Canadian Provinces	4
Number of Employees	3,325



SOLID WASTE SERVICES

Locations	173
U.S. States	21
Canadian Provinces	7
Number of Employees	5,040



PASSENGER SERVICES

Locations	313
U.S. States	21
Canadian Provinces	5
Number of Employees	27,425

States and provinces in which Laidlaw service facilities are located.


TYKRON

To profitably meet customer expectations in managing chemical waste, Laidlaw Environmental Services must balance the sometimes competing demands of industry, regulation, price, technology development and the public's interest in its ongoing activities.

Overview Laidlaw's waste management service business is divided into two general categories.

First, the solid waste business – collecting, treating and disposing of household, industrial and commercial garbage; a growing Laidlaw service since 1969. Changes in this industry are being driven by society's demands that fundamentally different approaches be taken in solving our growing solid waste problem, and by the proliferation of new regulations. Laidlaw Waste Systems is the third largest solid waste management company in North America.

In 1986, Laidlaw entered the second waste service sector, managing chemical and hazardous wastes, through a major acquisition in the United States. Subsequent acquisitions have resulted in Laidlaw Environmental Services becoming the largest hazardous waste management company in Canada, and the second largest in North America.

These businesses are driven by the need for basic health and sanitary services resulting from our industrialized and urbanized existence.

The developed world has begun to realize that it needs to change its behavior as part of a larger international attack on environmental degradation. This realization is resulting in new, more stringent regulation and technological demands which offer opportunities for additional growth. Finding the balance among resource and societal development, environmental remediation and pollution prevention offers opportunity for increased levels of customer service.

HAZARDOUS WASTE MANAGEMENT

The challenge for Laidlaw Environmental Services is to provide waste management services, which fully comply with regulatory mandates, and minimize the threat to the environment at a cost which will not encourage the use of shortcuts.

The extraordinary growth of the chemical and hazardous waste sector continued during the past year. As a consequence of this growth, Laidlaw's hazardous waste management services have been reorganized and renamed Laidlaw Environmental Services. U.S. operations are headquartered in Columbia, South Carolina; Canadian operations are based in Burlington, Ontario.

Laidlaw Environmental Services continued to extend its network of service locations and technologies, enabling it to provide a broader range of services to customers throughout the continent.

Opposite above: T.A.G. Watson, vice president, communications, Laidlaw Inc., Charles Lalonde, president, Laidlaw Environmental Services for Canada and Bill Stilwell, president, Laidlaw Environmental Services for the United States.

Opposite: The hazardous waste management business relies on state-of-the-art laboratories to characterize wastes. Laidlaw's network of 16 labs provides customers with accurate, quick service and Laidlaw with the security of knowing precisely what constituents are in a waste shipment. Monique Durr, instrumentation specialist, Carol Neveau, lab technologist and Pete Hennin, lab service co-ordinator.

Revenue	$390,367,000
Income from Operations	$ 80,436,000
Service Locations	54
Vehicles	630
Permitted Landfill – Capacity (million cubic yards)	14.4
Incinerators	3
Industry Rank	2

Above: A new service mark, in the shape of a stylized leaf, distinguishes Laidlaw Environmental facilities and transport fleets.

Principal facility additions during the year include two incinerators for liquid wastes, a secure landfill, two waste water treatment plants and two plants designed to recycle solvents and to recover industrial fuels from wastes.

A series of waste service centers, or transfer stations, where wastes are temporarily stored and blended for direct or bulk shipment to treatment centers was also acquired.

Technology Development Providing alternatives to the land disposal of untreated wastes has been a primary focus of the hazardous waste industry.

Technology development, whether it be for toxicity or volume reduction or reuse and recycling, has occupied industry scientists and engineers during the previous two decades. Laidlaw has made a substantial contribution in all areas, including incineration system and secure landfill design and operation.

Laidlaw's next step in this technology progression is to provide incineration capacity for a wider variety of solid and semi-solid wastes. Laidlaw Environmental Services is currently progressing through an environmental assessment for a proposed installation of a rotary kiln at one of its existing sites near Sarnia, Ontario.

Service Innovations Service innovations are key to customer satisfaction, contribute to growth and extend our environmental protection mandate.

As an example, Laidlaw Environmental Services pioneered the idea of serving communities with "Household Hazardous Waste Days." These initiatives provide individual householders the opportunity to dispose of their small volumes of hazardous chemicals in an environmentally conscious manner. Laidlaw has developed a process to recycle more than 80 percent of the waste paint collected in these programs. Consumer demand saw Laidlaw successfully stage these events in more than 300 North American communities last year.

In the major market of large volume waste generation, regulatory change again brings opportunity.

In the United States, some wastes, previously designated non-hazardous, have been reclassified as hazardous. In response, Laidlaw's two waste management groups have joined forces in a customer awareness program designed to demonstrate Laidlaw's capability in providing options for customers seeking proper treatment of these and other wastes.

SOLID WASTE MANAGEMENT

Overview The solid waste business used to consist of collecting and disposing of anything and everything that society threw away. This era is fast disappearing and is being replaced by a much more complex hierarchy of waste management options. This transition is exemplified by the extremely rapid growth of recycling and materials recovery, and the slower, but steady, growth in the number of plants being built to convert waste to energy. These alternatives to landfill, in particular recycling and composting, will continue to grow at a rapid pace. However, the need for landfill will never disappear; it will always be the final repository for process residues and unprocessable waste.

Laidlaw Waste Systems has made great strides in these areas and has taken a leadership position in many of them. It is Laidlaw's firm belief that all components of a solid waste system should be profitable, and that, in some cases, this may mean that a premium has to be paid for systems that are more complex. There is direct evidence that demands being made by society are being matched by a willingness to pay such a premium in exchange for the highest quality of environmental protection.

Recycling In the residential waste collection business since 1969, Laidlaw today serves 1.5 million homes. Laidlaw is also a pioneer in curbside recycling, having developed the "Blue Box" in 1981.

From a pilot test in Kitchener, Ontario involving 1,100 homes, Laidlaw today serves some one million residences in Canada and the United States, or about 13 percent of homes participating in curbside recycling in North America. Laidlaw's curbside collection programs divert 150,000 tons of waste from landfills. On average, about 13 percent of the household waste stream is currently recycled by blue box type systems.

Laidlaw Waste Systems is convinced recycling is an income producing business, not a loss leader. Separation, collection and processing have created a supply of recycled materials, but the long-term prosperity of recycling requires that an equivalent demand, at stable prices, be created for those materials.

Above: Laidlaw Waste Systems Inc. president, Nigel Guilford, Richard Norris, vice president, accounting and Bruce Cook, vice president, operations.

Revenue	$699,536,000
Income from Operations	$124,039,000
Service Locations	173
Vehicles	2,290
Permitted Landfill – Capacity (million cubic yards)	168
Waste Incinerators	2
Industry Rank	3

This is an industry in transition. The key to Laidlaw Waste Systems' success is to provide the changing mix of services that the customer and society want, at the lowest cost, consistent with the highest levels of environmental protection.

To this end, the company has developed a twenty-year contract with Canadian Pacific Forest Products Limited. Laidlaw will supply 350,000 tons of newsprint annually to two new deinking mills, beginning mid-1991. Laidlaw will offer guaranteed pricing to its recyclable newsprint suppliers – a concept unique in the industry.

Laidlaw's position in the solid waste management market makes it ideally suited to close the recycling loop – from collection through sorting and packaging and, most importantly, getting these recyclables to market at a profit.

Waste-to-Energy Laidlaw Waste Systems expanded its alternative of waste-to-energy production capacity during the year. Through acquisitions and business development, the company now operates two waste-to-energy incinerators in Canada. In total, they annually divert 200,000 tons of waste from landfills and have the installed capacity to provide enough electricity to power 3,300 homes.

Laidlaw Waste Systems' California gas recovery operations also use waste as an energy source, recovering gases produced as solid waste decomposes. Landfill gas, recovered using a system of wells, is burned to drive electrical generators. A steam turbine plant in Coyote Canyon, California, plus six other internal combustion generators in the San Francisco Bay area, have the capacity to provide power for 50,000 homes.

Landfill Recycling programs and newly acquired waste-to-energy plants will be diverting more than 700,000 tons of waste from landfills by mid-year. Conservation of existing landfill capacity and assuring long-term future capacity are key management challenges.

Laidlaw Waste Systems now operates 41 solid waste landfills, 30 in the United States and 11 in Canada. Laidlaw's aggressive program of capacity expansion has added 21 million cubic yards during the year, for a total of 168 million cubic yards permitted. An additional 206 million cubic yards could be permitted.

New regulations in the United States require significantly more stringent controls on all sites which accept municipal waste and are narrowing the distinction between hazardous and non-hazardous waste landfills. As a result, fewer sites will continue to operate. Those which remain, and those yet to be developed, will be larger and will serve broader geographic regions in order to balance increased environmental protection with the increased cost of providing it. These changes have created unique opportunities for Laidlaw to provide more comprehensive services to waste generators.

Opposite top: A waste-to-energy plant operated by Laidlaw for the Region of Hamilton-Wentworth in southern Ontario.

Opposite: Bob Willis, division manager, Adrian, Michigan landfill, Ron Poland, Laidlaw Waste Systems' corporate vice president, environmental management and Rick McEwen, regional landfill manager at the company's Adrian landfill site. It is the first site in the state to have a double composite liner installed. The site exceeds all federal and state requirements.


SPECIAL!

In the rapidly changing environment of the 90s, we will emphasize customer service, safety, cost effectiveness and management of our human resources. These initiatives will also strengthen our driver selection, education and retention programs.

Overview The bus passenger services industry provides government agencies and corporations with an alternative to owning and operating their own transportation systems. Employing a transportation contractor uses the efficiency of the private sector to save public money, while providing government with the freedom to choose the service best suited to their needs and relieving them from direct involvement in the day-to-day operation of transportation equipment and management of personnel.

Transit Operations In North America, Laidlaw provides services in three major markets; getting children to and from school, moving commuters through congested inner cities and travellers from city to city. The business depends on scheduled service - delivered safely and on time. Moving children to and from school is Laidlaw's core passenger transport business.

As the largest contract provider of school bus services in North America, Laidlaw's managers, trainers, safety managers, mechanics and drivers are responsible for nearly 20 percent of the busses provided to school boards by the private sector. Laidlaw operates 22,400 school vehicles, nearly three times more than its nearest private sector competitor.

More than one million school children depend on Laidlaw-provided transport to get to and from school safely and on time, every day. Laidlaw's school bus services are spread across North America with principal concentrations in eastern Canada, the northeastern and southwestern United States.

Safe Operations Passenger safety is paramount. It is the concern of all involved - parents, school boards, senior governments and those organizations like Laidlaw who deliver the service. These concerns are expressed in ever escalating regulatory requirements for driver screening, training and certification.

Laidlaw's response to these needs has moved it to a leadership position in the industry. Since last year, seven new safety managers have been assigned, new driver education programs covering topics from brakes to drug abuse and student management were developed and are in use. A new corporate emphasis has been placed on an overall upgrading of personnel management in general. Human Resources staff are concentrating efforts on driver selection, education and safety training.

During the last few years, the economy in most parts of North America continued to grow. As a consequence, the service level and quality of the school bus contract industry suffered from a lack of drivers. With the cooling of the economy, an easing

Opposite above: Vic Webster, president, U.S. Passenger Group, Ken Lyons, president, Laidlaw Transit, Inc. and John Emberson, senior controller and treasurer.

Opposite: Transporting students to school is not just a suburban or rural job. A large proportion of Laidlaw's school busses daily move through urban environments with typically congested traffic.

Revenue	$647,614,000
Income from Operations	$ 86,724,000
Service Locations	313
Vehicles	24,055
Industry Rank	1

Above: Coral Semle, Portland, Oregon district manager and Ed Green, director of transportation department for Portland Public Schools – a fourteen-year Laidlaw customer.

of pressure in the labor market is apparent. Recruiting and retaining drivers is beginning to become somewhat less difficult.

The combination of pay scale adjustments, new recruiting methods and weakening economic conditions will combine to attract more driver candidates to the industry.

Customer Service High quality customer service is Laidlaw Transit's primary goal. Service means safe, on time performance. In addition to personnel training and management, well maintained, reliable equipment helps raise customer satisfaction. Laidlaw's purchasing and maintenance staff has worked consistently with bus manufacturers to adjust equipment design and technology to the increasingly complex demands mandated by regulation or required by customers.

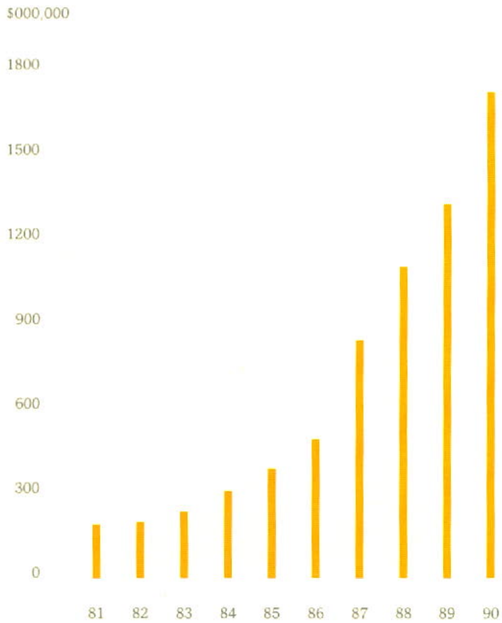
One way of increasing shareholder value is to achieve better fleet utilization. Finding opportunities to provide bus service during the normal school holidays and after normal operating hours is the key element to increased utilization. Last summer, Laidlaw was awarded the contract to transport 2,500 athletes, 200 team coaches and 1,500 media representatives at the 1990 Goodwill Games in Seattle, Washington. Eighty-five staff and 350 drivers worked under tight security to move games participants from media centers and the athletes' village to games venues.

Helping municipalities privatize their surface transit systems is a second business area for Laidlaw Transit. Laidlaw-run transit systems serve 43 municipalities in North America. Running city and commuter bus systems is a market with excellent growth potential.

Laidlaw Transit continues to provide scheduled, inter-city bus service in Manitoba, northern Ontario and on Vancouver Island, British Columbia. Bus charter tours to major tourist destinations in Canada and the United States are a second, western Canada based line of business.

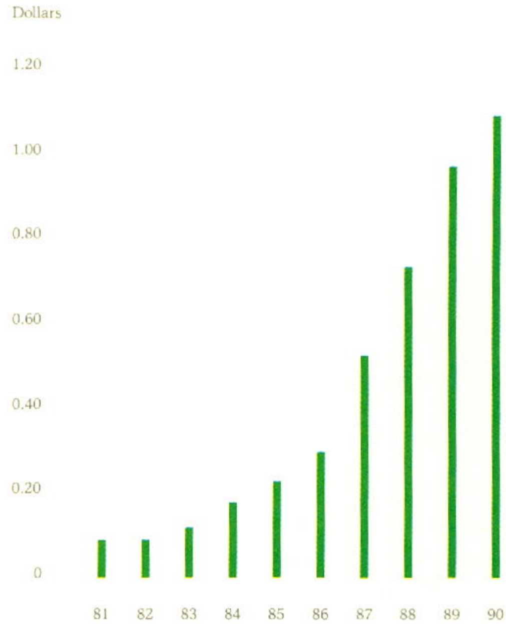
LAIDLAW'S CONTINUED GROWTH

Revenue



Earnings per Share

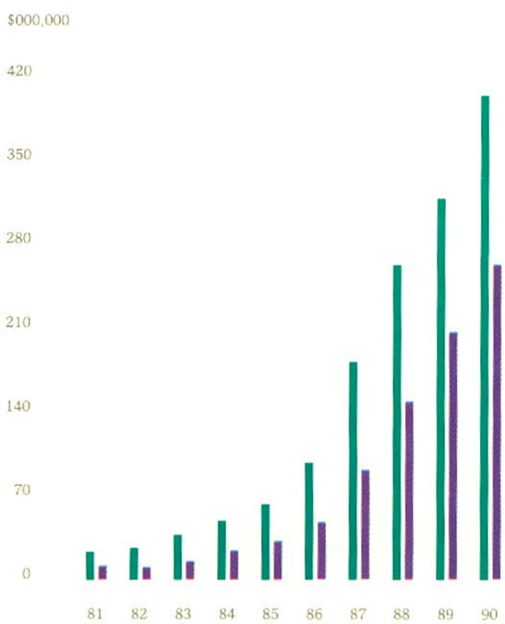
From Continuing Operations



Net Cash From Continuing Operating Activities

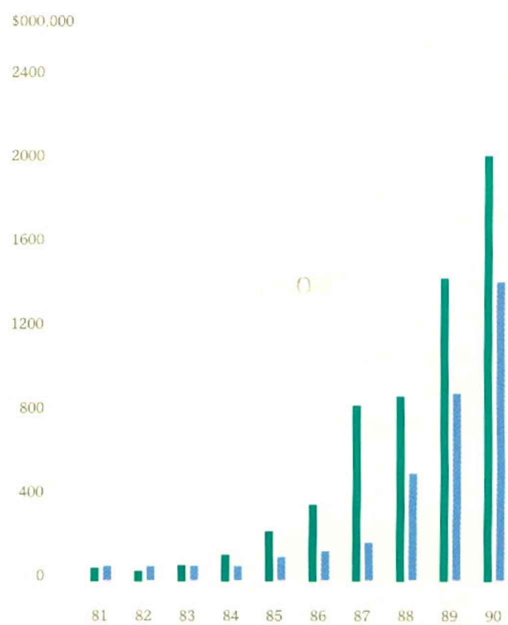
Before Financing Working Capital

Income From Continuing Operations



Shareholders' Equity

Long-term Debt



(U.S. $000's omitted except per share amounts and as otherwise indicated)

	1990	1989	1988
Operating results – continuing operations			
(year ended August 31)			
Revenue	**$1,737,517**	$1,339,396	$1,113,636
Income from continuing operations	**265,478**	207,710*	144,185
Operating profit margin	**16.8%**	17.9%	17.5%
Net profit margin	**15.3%**	15.5%	12.9%
Cash from continuing operating activities before financing working capital	**$ 409,440**	$ 322,413	$ 264,545
Net capital expenditures	**750,236**	465,658	436,808
Financial position			
(as at August 31)			
Working capital	**$ 222,531**	$ 68,405	$ 94,212
Long-term debt	**1,434,543**	899,012	514,036
Shareholders' equity	**2,053,867**	1,462,194	891,630
Total assets	**3,894,939**	2,651,276	1,636,927
Class A and Class B shares			
(year ended August 31)			
Earnings per share from continuing operations	**$1.10**	$0.98*	$0.74
Dividends paid (in Canadian dollars)			
– Class A shares	**27.0 Cts.**	23.0 Cts.	18.5 Cts.
– Class B shares	**27.0 Cts.**	23.0 Cts.	18.5 Cts.
Market price (as at August 31, in Canadian dollars)			
– Class A shares	**$21.50**	$19.63	$16.50
– Class B shares	**21.25**	19.25	15.50
Net return on average common shareholders' equity	**15.1%**	20.3%	20.5%
Shares outstanding (as at August 31)			
– Class A shares	**47,632,092**	47,632,092	47,632,092
– Class B shares	**191,423,435**	170,708,039	141,855,882

* Includes $12,306 ($0.06 per share) from unusual items.

The above data has been restated to give retroactive effect to the discontinued operations and a prior period adjustment reported in 1990, and retroactive application of the change in accounting for investment tax credits reported in 1986.

1987	1986	1985	1984	1983	1982	1981
$ 851,896	$497,662	$393,078	$313,201	$238,453	$201,859	$194,204
92,022	48,063	32,321	23,857	15,092	10,368	10,691
16.2%	15.2%	16.7%	17.7%	15.5%	14.8%	14.8%
10.8%	9.7%	8.2%	7.6%	6.3%	5.1%	5.5%
$ 183,479	$ 98,794	$ 63,971	$ 50,073	$ 37,620	$ 27,223	$ 24,285
592,454	173,092	124,876	63,240	67,583	27,013	35,595
$ 99,848	$121,769	$ 90,905	$ 10,847	$ (2,921)	$ (5,522)	$ (16,382)
180,201	137,650	112,028	67,598	70,425	67,945	65,537
847,867	372,701	243,295	130,218	80,192	51,162	51,513
1,254,173	650,357	474,522	326,450	264,128	200,968	200,116

(all information gives retroactive effect to subdivisions of shares of 2 for 1 in each of July, 1983 and January, 1985 and 3 for 2 in each of September, 1986 and May, 1987)

$0.53	$0.30	$0.23	$0.18	$0.12	$0.09	$0.09
12.0 Cts.	7.7 Cts.	6.5 Cts.	4.0 Cts.	2.8 Cts.	2.2 Cts.	2.2 Cts.
12.0 Cts.	7.7 Cts.	6.5 Cts.	4.0 Cts.	3.0 Cts.	2.7 Cts.	2.7 Cts.
$22.50	$10.00	$6.83	$3.58	$2.92	$0.94	$0.92
21.50	9.56	6.72	3.50	2.83	0.89	0.92
22.4%	23.5%	21.9%	21.4%	21.2%	19.2%	21.0%
47,632,092	47,632,092	47,632,092	47,632,092	47,632,092	47,632,092	47,632,092
128,293,098	102,907,530	89,407,530	89,407,530	70,125,030	56,625,030	56,625,030

MANAGEMENT'S DISCUSSION AND ANALYSIS

of results of operations and financial condition

(after giving retroactive effect to discontinued operations)

Items in the Consolidated Statements of Income for the three years ended August 31, 1990 as a percentage of total revenue and the percentage changes in dollar amounts of the items compared to the previous year are as follows:

	Percentage of Revenue			Percentage Increase (Decrease)		
	Year Ended August 31					
	1990	1989	1988	**Year 1990 Over 1989**	Year 1989 Over 1988	Year 1988 Over 1987
Revenue	**100.0%**	100.0%	100.0%	**29.7%**	20.3%	30.7%
Operating expenses	**65.5**	65.8	67.4	**29.1**	17.4	29.1
Selling, general and administrative expenses	**6.9**	6.0	5.6	**51.5**	27.4	28.2
Depreciation and amortization	**10.8**	10.3	9.5	**35.4**	31.9	25.9
Income from operations	**16.8**	17.9	17.5	**21.5**	22.8	41.3
Interest expense	**(6.5)**	(4.6)	(2.2)	**85.3**	146.3	(10.5)
Interest, dividend and other income	**2.0**	2.5	2.0	**4.2**	54.4	(8.8)
Equity in earnings of associated companies	**5.5**	1.4	—	**423.6**	—	—
Unusual items	—	1.8	—	—	—	—
Income from continuing operations before income taxes and minority interest	**17.8**	19.0	17.3	**21.3**	32.5	43.0
Income taxes	**2.5**	3.5	4.3	**(7.7)**	(0.3)	22.4
Minority interest	—	—	0.1	—	—	(70.0)
Income from continuing operations	**15.3**	15.5	12.9	**27.8**	44.1	56.7
Income (loss) from discontinued operations	**(1.0)**	0.2	0.3	—	—	—
Income before extraordinary items	**14.3**	15.7	13.2	**17.6**	43.0	59.8
Extraordinary items	**(2.0)**	—	—	—	—	—
Net income	**12.3%**	15.7%	13.2%	**1.8**	43.0	59.8

Revenue

The sources of revenue by business segment are as follows ($000's omitted):

Year Ended August 31	**1990**		1989		1988	
Solid waste services	**$ 699,536**	**40%**	$ 593,053	44%	$ 528,190	47%
Hazardous waste services	**390,367**	**23**	157,634	12	89,226	8
Passenger services	**647,614**	**37**	588,709	44	496,220	45
	$1,737,517	**100%**	$1,339,396	100%	$1,113,636	100%

The sources of solid waste services revenue by type of customer are as follows ($000's omitted):

Year Ended August 31	**1990**		1989		1988	
Commercial and industrial	**$ 416,388**	**59%**	$ 334,526	56%	$ 305,492	58%
Transfer and landfill operations	**173,819**	**25**	153,681	26	116,173	22
Residential	**109,329**	**16**	104,846	18	106,525	20
	$ 699,536	**100%**	$ 593,053	100%	$ 528,190	100%

Management's estimates of the components of changes in the Company's consolidated revenue are as follows:

	Percentage Increase		
	Year 1990 Over 1989	Year 1989 Over 1988	Year 1988 Over 1987
Expansion of customer base by acquisitions			
Solid waste services	**4.7%**	2.1%	4.6%
Hazardous waste services	**13.3**	4.5	3.1
Passenger services	**2.1**	6.8	8.0
Subtotal	**20.1**	13.4	15.7
Other expansion primarily through volume and price changes			
Solid waste services	**2.9**	3.0	6.1
Hazardous waste services	**4.1**	1.7	1.3
Passenger services	**2.1**	0.7	5.9
Subtotal	**9.1**	5.4	13.3
Foreign exchange rate changes			
Solid waste services	**0.3**	0.8	0.9
Hazardous waste services	**—**	—	—
Passenger services	**0.2**	0.7	0.8
Subtotal	**0.5**	1.5	1.7
Total	**29.7%**	20.3%	30.7%

Management's estimates of the components of changes in the revenue of the respective segments are as follows:

	Percentage Increase		
	Year 1990 Over 1989	Year 1989 Over 1988	Year 1988 Over 1987
Solid waste services			
Acquisitions	**10.7%**	4.5%	9.1%
Other, primarily through volume and price changes	**6.7**	6.3	12.0
Foreign exchange rate changes	**0.6**	1.5	1.8
Total	**18.0%**	12.3%	22.9%
Hazardous waste services			
Acquisitions	**113.0%**	56.0%	52.1%
Other, primarily through volume and price changes	**34.6**	20.7	21.9
Foreign exchange rate changes	**—**	—	—
Total	**147.6%**	76.7%	74.0%
Passenger services			
Acquisitions	**4.8%**	15.3%	18.2%
Other, primarily through volume and price changes	**4.7**	1.5	13.6
Foreign exchange rate changes	**0.5**	1.8	2.0
Total	**10.0%**	18.6%	33.8%

In 1990, the principal component of the increases in revenue from acquisitions, in both the solid waste and hazardous waste services segments, was attributable to the contribution of $150 million from Tricil Limited which was acquired effective December 29, 1989.

In 1989, increases in revenue attributable to changes in volume were restricted as a result of the Company's intentional lapsing of marginally profitable contracts for residential waste collection in the United States and also by the loss of a substantial, profitable passenger bus service contract in Canada.

Acquisitions by segment (excluding the purchase of assets and customer lists of small operations readily absorbed into existing operations) and the approximate aggregate annualized revenue acquired as at the dates of acquisition are as follows ($000's omitted):

	Number of Acquisitions		
Year Ended August 31	**1990**	1989	1988
Solid waste services	**27**	26	8
Hazardous waste services	**9**	4	4
Passenger services	**6**	10	14
	42	40	26

	Annualized Revenue (Approximate)		
Year Ended August 31	**1990**	1989	1988
Solid waste services	**$137,000**	$ 50,000	$ 71,000
Hazardous waste services	**182,000**	102,000	44,000
Passenger services	**24,000**	48,000	97,000
	$343,000	$200,000	$212,000

The 1990 acquisitions include Tricil Limited, which has hazardous waste and solid waste services operations with annualized revenue of approximately $160 million and $65 million, respectively, and operates in seven of the United States and two Canadian provinces. Approximately 60% of this revenue was generated from the Canadian operations. The majority of all other acquisitions had operations in the United States.

Revenue and growth in revenue from geographic components are as follows ($000's omitted):

	Revenue						Growth Rates		
	Year Ended August 31						**Year 1990 Over 1989**	Year 1989 Over 1988	Year 1988 Over 1987
	1990		1989		1988				
U.S.A.	**$1,259,786**	**72.5%**	$1,018,384	76.0%	$ 821,568	73.8%	**23.7%**	24.0%	30.4%
Canada	**477,731**	**27.5**	321,012	24.0	292,068	26.2	**48.8**	9.9	31.7
	$1,737,517	**100.0%**	$1,339,396	100.0%	$1,113,636	100.0%	**29.7**	20.3	30.7

The increase in Canadian revenues in 1990 is primarily attributable to the Tricil Limited acquisition.

Income from operations, cost of operations and operating profit margins

Income from operations and growth rates from segment components are as follows ($000's omitted):

	Income From Operations						Growth Rates		
	Year Ended August 31						**Year 1990 Over 1989**	Year 1989 Over 1988	Year 1988 Over 1987
	1990		1989		1988				
Solid waste services	**$124,039**	**42.6%**	$113,677	47.5%	$ 87,324	44.8%	**9.1%**	30.2%	50.1%
Hazardous waste services	**80,436**	**27.6**	32,645	13.6	15,762	8.0	**146.4**	107.1	84.7
Passenger services	**86,724**	**29.8**	93,288	38.9	92,011	47.2	**(7.0)**	1.4	29.0
	$291,199	**100.0%**	$239,610	100.0%	$195,097	100.0%	**21.5**	22.8	41.3

Wages for operating personnel, equipment operating costs (including fuel and maintenance), insurance for personnel, property damage and third party liability, depreciation and disposal site fees represent the major components of the cost of operations. Operating costs as a percentage of revenue were 83.2% in 1990, compared with 82.1% in 1989 and 82.5% in 1988.

In 1990, the increase in operating costs as a percentage of revenue in the waste services segments was primarily attributable to increased disposal costs as a percentage of revenue and to the Tricil Limited acquisition which increased waste services revenues substantially, but some of this business has higher operating costs as compared to the Company's other waste services operations. The passenger services operating costs continued to increase as a result of significant increases in bus driver wages, recruitment and training costs as unemployment continues to be very low in certain areas in which the Company operates.

In 1989, while the overall operating cost ratio improved slightly, there was a significant improvement attributable to the increased proportion of activity in the transfer and disposal of both solid and hazardous wastes, offset by significant increases in driver recruitment and training costs in the passenger services segment.

The improvement in 1988 in the operating cost ratio was primarily attributable to improvements in the waste services segments.

The operating profit margins of the individual and consolidated segments are as follows:

Year Ended August 31	**1990**	1989	1988
Solid waste services......	**17.7%**	19.2%	16.5%
Hazardous waste services..	**20.6**	20.7	17.7
Passenger services.......	**13.4**	15.8	18.5
Consolidated...........	**16.8**	17.9	17.5

The operating profit margin for the solid waste services segment decreased to 17.7% in 1990 from 19.2% in 1989. This decrease is due primarily to increased disposal costs as a percentage of revenue and to the effect of the Tricil Limited acquisition as Tricil's Canadian solid waste business has higher operating costs as compared to the Company's other solid waste services operations. The operating profit margins for the hazardous waste services segment decreased slightly from 20.7% in 1989 to 20.6% in 1990. The decrease is attributable to the effect of the Tricil Limited acquisition, as Tricil's U.S. hazardous waste business also has higher operating costs as compared to the Company's other hazardous waste operations. The Company believes that the operating margins from the former Tricil operations (both solid and hazardous waste) will improve gradually as the synergies from this acquisition are fully realized in the coming year. The passenger services margins declined to 13.4% in 1990 from 15.8% in 1989. The primary reasons for the lower operating margins continue to be the cost of higher bus driver wages, increased recruiting and training costs in certain operating areas where unemployment continues to be very low and increased operating costs resulting from an increased frequency of minor accidents as a result of driver turnover. In the last fiscal quarter of 1990, driver training costs were further increased due to legislated changes in driver licencing requirements. The Company believes that the operating margins for the passenger group will remain under pressure and anticipates only a very moderate improvement in fiscal 1991.

In 1989, operating profit margins for the solid waste services segment increased to 19.2% from 16.5% in 1988 as a result of the higher margins attributable to the increased proportion of activities in the transfer and disposal of solid waste, the elimination of low margin solid waste collection operations, and other productivity improvements. The increase in hazardous waste services margins to 20.7% was attributed to increased proportion of transfer and disposal activities as compared to the prior year and from other productivity improvements. The decline in passenger services margins was attributed to higher bus driver wages, recruiting, and training costs. On a consolidated basis, the operating margins increased slightly as a result of the increased margins and proportionately higher contribution from the waste services segments offset partially by the reduction in passenger services margins.

In 1988, margins for the waste services operations increased and passenger services margins decreased slightly generally due to the same trends as discussed for 1989. On a consolidated basis, the operating margins increased primarily as a result of the increased contribution from waste services segments.

Seasonality

The passenger services segment experiences a significant decline in revenue and operating income in the fourth fiscal quarter because of school summer vacations. Adverse winter weather moderately affects all of the Company's operations during the Company's second fiscal quarter. See also Note 17 of Notes to Consolidated Financial Statements.

Interest expense

In 1990, interest expense increased by 85.3% to $113.0 million. The increase is attributable to an increase of approximately 85% in the average borrowings level, while the average interest rate on borrowings was relatively unchanged.

Interest expense in 1989 increased by 146.3% to $61.0 million. The increase was attributable to a higher average borrowings level during the year and interest rate increases in Canada and the United States. Increases in borrowings were primarily associated with increases in long-term investments.

In 1988, the Company experienced a lower average borrowing level during the first two fiscal quarters as a result of the May, 1987 sale of Class B Non-Voting Shares and the August, 1987 exercise of warrants to purchase Class B Non-Voting Shares. This resulted in a decrease in interest expense of 10.5% in 1988 from 1987.

Interest, dividend and other income

Interest, dividend, and other income in 1990 increased by $1.4 million to $35.3 million. The increase was primarily attributable to increased returns on higher average investment levels than in the previous year.

In 1989, interest, dividend and other income increased by $11.9 million from 1988 as a result of increased returns on higher investment levels, gains on sale of investments, and dividend income from the investment in Attwoods plc purchased in January 1989. The Company commenced to equity account for this investment in Attwoods plc from September 1, 1989, and this income is now included in equity in earnings of associated companies.

In 1988, interest, dividend and other income decreased by $2.1 million due to a reduction in the amount of purchased tax benefits compared to 1987, offset to some extent by higher returns on investments, particularly during the last half of the fiscal year.

Equity in earnings of associated companies

This income results from the Company's equity in earnings of ADT Limited and Attwoods plc. ADT Limited is a Bermuda-based company, traded on the United Kingdom and North American public stock markets. ADT Limited conducts electronic security services primarily in the United States, Canada, and Europe and conducts vehicle auction services in the United Kingdom and United States. Attwoods plc is a United Kingdom-based company, traded on the London Stock Exchange and through the NASDAQ system in the United States. Attwoods plc conducts solid waste removal and disposal operations in the United States, United Kingdom, and Germany.

During 1990, the Company increased its investment in ADT Limited from 24.1% at August 31, 1989 to 28.4% at August 31, 1990 at a total cost of $339.8 million. The substantial portion of this increase ($211 million) occurred in September 1989. The

Company also increased its investment in Attwoods plc during 1990 from 34.2% (on a fully converted basis) at August 31, 1989 to 36.9% at August 31, 1990 at a total cost of $87.3 million.

During 1989 (primarily April 1989), the Company acquired ownership in ADT Limited that amounted to 24.1% at August 31, 1989 at a total cost of $484.3 million. In January 1989, the Company purchased common shares of Attwoods plc and Convertible Preference Shares of Attwoods Finance N.V., which are convertible into common shares of Attwoods plc. In addition, effective August 31, 1989, the Company sold its waste services operations in the State of Florida and received as consideration additional Convertible Preference Shares of Attwoods Finance N.V., in the amount of $63.6 million. At August 31, 1989, the Company's investment represented 22.5% on a basic and 34.2% on a fully converted basis of the outstanding shares of Attwoods plc. As a result of the sale of the Company's Florida solid waste services operations, and the elimination thereby of the competing aspects of the two companies' businesses, the Company commenced to equity account for its investment in Attwoods plc from September 1, 1989. Prior to this date, this dividend income was included in interest, dividend and other income.

The increase in earnings of associated companies in 1990 to $95.4 million from $18.2 million is due to the combination of equity accounting for these investments for an entire year, increased ownership in these associated companies, improved earnings of these associated companies, and dividend income from Attwoods plc being included in interest, dividend and other income in 1989.

In 1989, the equity in earnings of associated company arose as a result of the above noted purchase of the investment in ADT Limited.

Unusual items

The unusual items in 1989 related to the gain on the sale of the Company's Florida waste services operations to Attwoods plc of approximately $35.5 million, offset by a write-down of certain long-term investments of $11.5 million. These unusual items amounted to $24.0 million ($12.3 million on an after-tax basis), or a contribution of six cents per share.

Income taxes

In 1990, the effective income tax rate decreased to 14.1%, primarily as a result of income from the Company's investment in ADT Limited and Attwoods plc.

In 1989, the effective tax rate decreased to 15.3% before accounting for unusual items. This decrease was primarily attributable to income from the Company's investment in ADT Limited and Attwoods plc and from the increase in interest, dividend and other income. After the unusual items, the tax rate increased to 18.5% as these unusual items were taxable at higher marginal tax rates than the overall effective income tax rate.

In 1988, the effective income tax rate was 24.4% primarily due to the effect of lower tax rates applicable to U.S. and foreign income.

Minority interest

Minority interests were eliminated by the redemption in 1988 of the publicly held preference shares by Grey Goose Corporation Limited and by the repurchase in December, 1987 by Laidlaw Industries, Inc. of all of its common shares not owned by the Company.

Income from discontinued operations

In 1990, the Company sold, or contracted to sell, its other service businesses. The operating income or loss from these discontinued operations, together with the loss on disposal, has been shown as net income or loss from discontinued operations. See also Note 8 of Notes to Consolidated Financial Statements.

Extraordinary items

The extraordinary items in 1990 consist primarily of a provision for an unresolved permitting issue at a hazardous waste services site. See also Note 9 of Notes to Consolidated Financial Statements.

Net income and earnings per share

Income from continuing operations increased by 27.8%, 44.1% and 56.7%, and net income increased by 1.8%, 43.0%, and 59.8% in each of 1990, 1989 and 1988, respectively, primarily due to the various factors discussed previously.

Earnings per share from continuing operations (excluding unusual items) increased 19.6%, 24.3% and 39.6% to $1.10, $0.92 and $0.74, respectively, in each of 1990, 1989 and 1988. In 1989, six cents per share was derived from unusual items. Earnings per share decreased 12.0%, and increased 31.6%, and 43.4% to $0.88, $1.00 and $0.76, respectively, in each of 1990, 1989 and 1988. These increases are after providing for increases of 15.2% in 1990, 14.5% in 1989 and 14.5% in 1988 in the average number of common shares outstanding and after providing for preference dividends of $8.5 million in 1990, $8.4 million in 1989 and $13.8 million in 1988.

Preference share dividends increased by $3.3 million in 1988 as a result of the issue in February, 1987 of $147.2 million of 5% Cumulative Convertible First Preference Shares Series G. The decrease in preference share dividends of $5.4 million in 1989 is the result of the conversion during 1989 and 1988 (primarily during August 1988) of 4,686,119 Series F First Preference Shares into 14,180,621 Class B Non-Voting Shares.

The Company's consolidated financial statements have been prepared in accordance with Canadian GAAP which conform in all material respects with U.S. GAAP except as disclosed in Note 13 of Notes to Consolidated Financial Statements.

Under U.S. GAAP, the Company would be required to adopt the liability method of accounting for income taxes beginning September 1, 1992. The impact of adopting the liability method cannot be reliably estimated at this time. The Company prepares its financial statements in accordance with Canadian GAAP and any adjustment which would be required to reflect the liability method of accounting for income taxes would be a Canadian-U.S. GAAP reconciling item.

Financial condition

The Company's capital consisted as follows ($000's omitted):

August 31	**1990**		1989		1988	
Long-term debt	**$1,434,543**	**40.1%**	$ 899,012	37.2%	$ 514,036	35.7%
Deferred income taxes	**88,617**	**2.5**	53,812	2.2	33,807	2.4
Shareholders' equity	**2,053,867**	**57.4**	1,462,194	60.6	891,630	61.9
	$3,577,027	**100.0%**	$2,415,018	100.0%	$1,439,473	100.0%

During the year, long-term debt increased by a net $535.5 million. The changes in long-term debt were primarily attributable to the following:

- In December, 1989, the Company acquired Tricil Limited for a total consideration of $206.7 million. This expenditure, together with the underlying debt in the companies acquired, increased the Company's long-term debt by $274.5 million.
- The net capital expenditures throughout the year, of $475.7 million on normal replacement of fixed assets and acquisitions of businesses other than Tricil Limited.
- Additional investment in ADT Limited and Attwoods plc for $427.1 million.
- The net increase in marketable securities during the year of $137.3 million.
- The public issue in December, 1989, of 20 million Class B Non-Voting Shares for net proceeds of $438.8 million, which was primarily used to repay long-term debt.
- Net cash provided by continuing operating activities during the year of $364.9 million.

The change in deferred income taxes was primarily the result of normal timing differences relating to tax and book depreciation and from the acquisition of Tricil Limited.

Shareholders' equity increased by a net $591.7 million. The increase was primarily attributable to the public issue of 20 million Class B Non-Voting Shares for net proceeds of $438.8 million and to net earnings retained of $151.9 million after dividends of $62.6 million.

In 1989, increases in capital of $975.5 million resulted primarily from (i) the net increase of $385.0 million in long-term debt primarily as a result of the acquisition of the interest in ADT Limited and Attwoods plc and capital expenditures on the acquisitions of businesses, (ii) the public issue in March 1989 of 28 million Class B Non-Voting Shares, for net proceeds of $416.3 million, and (iii) retained earnings for the year which, after providing for dividends of $47.8 million, amounted to $163.0 million.

In 1988, increases in capital of $360.9 million resulted primarily from (i) the net increase of $333.8 million in long-term debt, which included an increase of $233.5 million in connection with acquisitions and (ii) retained earnings for the year which, after providing for dividends of $39.7 million, amounted to $107.7 million. In addition, as a result of Laidlaw Industries, Inc. repurchasing the 21% of its common shares not owned by the Company for approximately $94.5 million, the minority interest in Laidlaw Industries, Inc. in the amount of $29.0 million was eliminated and the excess cost over book value of the common shares acquired of $65.5 million was charged to retained earnings as a capital transaction.

The Company had revolving/term bank lines of credit primarily for acquisition and expansion purposes for a total of $1,267 million of which approximately $485 million was unused as at August 31, 1990 and in respect of which there are no commitment fees or compensating balance requirements. The Company is, however, required to maintain certain balance sheet ratios, all of which have been met at August 31, 1990.

Cash from continuing operating activities before financing working capital

Cash from operations before financing working capital was $409.4 million, $322.4 million and $264.5 million in 1990, 1989 and 1988, respectively, representing increases from the previous years of 27.0%, 21.9% and 44.1%.

Cash, short-term deposits and marketable securities which can be liquidated readily were $208.4 million, $70.0 million and $110.5 million at August 31, 1990, 1989 and 1988, respectively.

In 1990, trade and other accounts receivable increased by $81.5 million. The increase is attributable to expanded operations primarily as a result of the Tricil Limited acquisition, and increased government service contracts in the hazardous waste services operations, which have extended credit terms. The average days sales outstanding has increased to 56 days in 1990 from 48 days in 1989.

In 1989, trade and other accounts receivable increased by $47.4 million attributable to expanded operations. The average number of days sales outstanding has increased from 43 in 1988 to 48 in 1989 as a result of acquisitions made in the fourth quarter contributing to receivables growth proportionately larger than to revenue for the year.

In 1988, other accounts receivable increased by $28.6 million attributable to expanded operations. Income taxes recoverable decreased and income taxes payable increased a net total of $24.3 million reflecting a combination of increased profitability and the significant reduction in the utilization of purchased tax benefits realized in prior years.

Management believes that the existing level of working capital is adequate for the Company's normal growth and operating needs. Trade and other accounts receivable represent the largest portion of current assets totalling $267.9 million at August 31, 1990. The Company bills substantially all of its customers on a 30-day cycle basis and accounts receivable are generally paid on a timely basis.

Capital expenditures and capital resources

Net expenditures for purchases of property, vehicles and other equipment and acquisitions of businesses were $750.2 million, $465.7 million and $436.8 million in 1990, 1989 and 1988, respectively. Included in these amounts were $490.0 million, $299.5 million and $222.9 million expended to acquire businesses in 1990, 1989 and 1988, respectively. In 1990 and 1989, the Company invested an additional $427.1 million and $681.5 million, respectively, in ADT Limited and Attwoods plc.

Acquisitions of businesses have generally been financed with revolving bank loans at rates of at least one percent below prime. Purchases of vehicles and other equipment have generally been made from funds generated internally.

Capital expenditures for the purchase of property, vehicles and other equipment for fiscal 1991 are expected to be approximately $330 million, which will represent normal replacement requirements and purchases of additional equipment necessary for planned increases in services. They do not include the financing of acquisitions and new contracts which are continuously being pursued by the Company and for which there is no determinable budget. Management believes that current internal cash flows from operations are adequate to finance the aforementioned capital expenditures budget as well as to service existing debt. At September 30, 1990, the Company had unused bank lines of credit of approximately $455 million available for the Company's routine program of the acquisition of smaller businesses. In the event that a large acquisition is contemplated, management is confident that additional appropriate lines of credit can be negotiated at that time.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(U.S. $000's omitted except per share amounts)

Year Ended August 31	**1990**	1989	1988
Revenue	**$1,737,517**	$1,339,396	$1,113,636
Operating expenses	**1,137,904**	881,499	750,928
Selling, general and administrative expenses	**120,709**	79,685	62,527
Depreciation and amortization	**187,705**	138,602	105,084
Income from operations	**291,199**	239,610	195,097
Interest expense	**(112,962)**	(60,963)	(24,747)
Interest, dividend and other income	**35,286**	33,865	21,933
Equity in earnings of associated companies	**95,355**	18,210	—
Unusual items (Note 6)	**—**	24,006	—
Income from continuing operations before income taxes and minority interest	**308,878**	254,728	192,283
Income taxes (Note 7)	**43,400**	47,018	46,873
Income from continuing operations before minority interest	**265,478**	207,710	145,410
Minority interest	**—**	—	1,225
Income from continuing operations	**265,478**	207,710	144,185
Income (loss) from discontinued operations (Note 8)	**(17,550)**	3,075	3,221
Income before extraordinary items	**247,928**	210,785	147,406
Extraordinary items (Note 9)	**(33,422)**	—	—
Net income	**$ 214,506**	$ 210,785	$ 147,406
Earnings per share (Note 10)			
Continuing operations	**$1.10**	$0.98	$0.74
Discontinued operations	**(0.08)**	0.02	0.02
Extraordinary items	**(0.14)**	—	—
Net income	**$0.88**	$1.00	$0.76
Retained earnings – beginning of year			
– as previously reported	**$ 398,211**	$ 238,743	$ 196,445
– prior period adjustment (Note 11)	**(15,000)**	(15,000)	(15,000)
– as restated	**383,211**	223,743	181,445
Net income	**214,506**	210,785	147,406
Dividends – Preference Shares	**(8,535)**	(8,361)	(13,769)
– Class A and Class B Non-Voting Shares	**(54,056)**	(39,398)	(25,889)
Share issue expenses (net of income taxes)	**(4,945)**	(3,558)	—
Subsidiary's excess cost over book value on buy back of its common shares	**—**	—	(65,450)
Retained earnings – end of year	**$ 530,181**	$ 383,211	$ 223,743

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(U.S. $000's omitted)

Year Ended August 31	1990	1989	1988
Net cash provided by (used in):			
Operating activities	**$ 371,986**	$ 287,087	$ 270,710
Investing activities	**(1,173,948)**	(1,088,891)	(462,861)
Financing activities	**940,422**	761,308	183,196
	138,460	(40,496)	(8,955)
Cash, short-term deposits and marketable securities – beginning of year	**69,956**	110,452	119,407
Cash, short-term deposits and marketable securities – end of year	**$ 208,416**	$ 69,956	$ 110,452
Operating activities			
Income from continuing operations	**$ 265,478**	$ 207,710	$ 144,185
Add (deduct) items not affecting cash:			
Depreciation and amortization	**187,705**	138,602	105,084
Deferred income taxes	**9,590**	16,937	13,597
Equity in earnings of associated companies	**(51,979)**	(18,210)	—
Unusual items (Note 6)	**—**	(24,006)	—
Other	**(1,354)**	1,380	1,679
Cash from continuing operating activities before financing working capital	**409,440**	322,413	264,545
Cash provided by (used in) financing working capital (Note 12)	**(44,550)**	(45,483)	(159)
Net cash provided by continuing operating activities	**364,890**	276,930	264,386
Net cash provided by discontinued operating activities	**7,096**	10,157	6,324
Net cash provided by operating activities	**$ 371,986**	$ 287,087	$ 270,710
Investing activities			
Proceeds from sale of property and equipment			
– Sale of Florida waste services operations (Note 6)	**$ —**	$ 63,606	$ —
– Other	**19,657**	26,118	28,730
Purchase of property and equipment	**(271,309)**	(181,834)	(233,143)
Purchase of other assets	**(8,539)**	(10,427)	(9,465)
Purchased on acquisitions (Note 14):			
Property and equipment	**(321,243)**	(253,878)	(167,638)
Other assets	**(168,802)**	(45,637)	(55,292)
Increase in working capital relating to acquisitions	**6,172**	—	—
Proceeds from sale of long-term investments	**4,468**	12,310	8,949
Increase in long-term investments			
– ADT Limited and Attwoods plc	**(427,100)**	(681,500)	—
– Others	**(1,919)**	(11,890)	(18,441)
Discontinued operations	**(5,333)**	(5,759)	(16,561)
Net cash used in investing activities	**$(1,173,948)**	$(1,088,891)	$(462,861)
Financing activities			
Net proceeds from public issues (Note 4)	**$ 448,799**	$ 416,759	$ —
Increase in long-term debt	**1,884,750**	1,486,847	249,015
Increase in non-current liabilities on acquisitions (Note 14)	**448,443**	297,581	233,477
Reduction in long-term debt	**(1,778,979)**	(1,392,120)	(163,828)
Dividends	**(62,591)**	(47,759)	(39,658)
Purchase of minority interest	**—**	—	(1,360)
Subsidiary's buy back of its common shares	**—**	—	(94,450)
Net cash provided by financing activities	**$ 940,422**	$ 761,308	$ 183,196

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(U.S. $000's omitted)

August 31	1990	1989
Assets		
Current assets		
Cash and short-term deposits	**$ 3,709**	$ 2,594
Marketable securities – at cost which approximates market value	**204,707**	67,362
Trade and other accounts receivable (net of allowance for doubtful accounts of $5,419; August 31, 1989 – $3,106)	**267,907**	186,432
Income taxes recoverable	**1,810**	—
Inventories	**26,988**	26,248
Other current assets	**35,322**	22,027
Total current assets	**540,443**	304,663
Long-term investments (Note 2)	**1,224,334**	716,044
Fixed assets		
Land, landfill sites and improvements	**848,163**	637,564
Buildings	**133,442**	95,823
Vehicles and other equipment	**1,209,969**	982,365
	2,191,574	1,715,752
Less: Accumulated depreciation and amortization	**489,926**	371,436
	1,701,648	1,344,316
Other assets		
Excess cost of businesses purchased over fair value of net tangible assets acquired (net of accumulated amortization of $33,987; August 31, 1989 – $23,887)	**417,655**	278,519
Deferred charges	**10,859**	7,734
	428,514	286,253
	$3,894,939	$2,651,276

The accompanying notes are an integral part of these statements.

Signed on behalf of the Board

Donald K. Jackson, Director

Donald M. Green, C.M., Director

August 31	1990	1989
Liabilities		
Current liabilities		
Accounts payable	**$ 95,119**	$ 55,883
Accrued liabilities (Note 11)	**174,072**	116,107
Income taxes payable	**—**	18,999
Current portion of long-term debt (Note 3)	**48,721**	45,269
Total current liabilities	**317,912**	236,258
Long-term debt (Note 3)	**1,434,543**	899,012
Deferred income taxes (Note 11)	**88,617**	53,812
	1,841,072	1,189,082
Commitments (Note 15)		
Shareholders' equity		
Preference Shares (Note 4)	**147,042**	147,101
Class A Shares; issued and outstanding 47,632,092 (August 31, 1989 – 47,632,092) (Note 4)	**2,871**	2,871
Class B Non-Voting Shares; issued and outstanding 191,423,435 (August 31, 1989 – 170,708,039) (Note 4)	**1,414,414**	960,610
Cumulative foreign currency translation adjustments (Note 5)	**(40,641)**	(31,599)
Retained earnings (Note 11)	**530,181**	383,211
Total shareholders' equity	**2,053,867**	1,462,194
	$3,894,939	$2,651,276

The accompanying notes are an integral part of these statements.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheets of Laidlaw Inc. as at August 31, 1990 and 1989 and the consolidated statements of income and retained earnings and changes in financial position for each of the three years in the period ended August 31, 1990. 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, 1990 and 1989 and the results of its operations and the changes in its financial position for each of the three years in the period ended August 31, 1990 in accordance with accounting principles generally accepted in Canada applied on a consistent basis.

Coopers and Lybrand

Hamilton, Canada
October 11, 1990

Coopers & Lybrand
Chartered Accountants

1. Summary of significant accounting policies
The consolidated financial statements of Laidlaw Inc. (formerly Laidlaw Transportation Limited) ("the Company") have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") and all figures are presented in U.S. dollars, as the majority of the Company's operating assets are located in the United States. Except as indicated in Note 13, the consolidated financial statements conform, in all material respects, with accounting principles generally accepted in the United States ("U.S. GAAP").

Consolidation
The consolidated financial statements include the accounts of Laidlaw Inc. and all of its subsidiary companies. All significant intercompany transactions are eliminated. The purchase method of accounting for business combinations has been used.

Inventories
Inventories are valued at the lower of cost, determined on a first in, first out basis, and replacement cost.

Long-term investments
Investments in shares of associated companies, over which the Company has significant influence, are accounted for by the equity method. Other long-term investments are carried at cost.

Fixed assets
Landfill sites, preparation costs and improvements are recorded at cost and amortized on the basis of landfill capacity utilized during the year.

Depreciation and amortization of other property and equipment is provided substantially on a straight-line basis over their estimated useful lives which are as follows:

Buildings – 20 to 40 years, and
Vehicles and other equipment – 5 to 15 years.

Other assets
The excess cost of businesses purchased over the fair value of net tangible assets acquired is amortized on a straight-line basis over forty years. Deferred charges are amortized on a straight-line basis over a two to five year period depending on the nature of the deferred cost.

Income taxes
Deferred income taxes are provided for all significant timing differences arising from recognizing certain expenses, principally depreciation, in different periods for income tax and financial reporting purposes.

Foreign exchange
The Company's operations are all of a self-sustaining nature. Their accounts are translated to U.S. dollars on the following basis:

Assets and liabilities at the exchange rate in effect at the balance sheet date, and
Income and expenses at weighted monthly average exchange rates for the year.

Comparative figures
Certain figures as at August 31, 1989 and for the years ended August 31, 1989 and 1988 have been reclassified to conform to the current year's presentation. See also Note 8 of Notes to Consolidated Financial Statements.

2. Long-term investments ($000's omitted)

August 31	**1990**	1989
Associated companies – at equity		
ADT Limited (market value – $825,206; 1989 – $570,349) (ownership percentage – 28.4%; 1989 – 24.1%)	**$ 891,643**	$502,500
Attwoods plc (market value – $318,650 ownership percentage – 29.5%)	**287,236**	–
	1,178,879	502,500
Other long-term investments – at cost		
Attwoods plc (market value – $212,321)	–	197,210
Other	**45,455**	16,334
	45,455	213,544
	$1,224,334	$716,044

The excess of the cost over the Company's share of the underlying net tangible assets of these associated companies at the time of acquisition of $536.5 million (1989 – $196.5 million) is being amortized on a straight-line basis over forty years.

Prior to August 31, 1989, the Company accounted for its investment in Attwoods plc on the cost basis, and this investment was included in other long-term investments.

The investment in Attwoods plc consists of both ordinary shares and Convertible Preference Shares, which represent 36.9% (1989 – 34.2%) of the votes on a fully converted basis.

Summarized financial information for ADT Limited and Attwoods plc which has been extracted from the most recent audited financial information available, is as follows ($000's omitted):

	ADT Limited Year Ended December 31, 1989	Attwoods plc Year Ended July 31, 1990
Revenue	$ 961,200	$383,200
Income from operations	210,800	46,300
Income from continuing operations	224,000	27,600
Net income	132,500	27,600
Current assets	1,855,500	119,000
Non-current assets	1,950,000	564,700
Current liabilities	633,800	103,700
Non-current liabilities	1,235,200	61,800
Redeemable preference stock	701,600	–

In the opinion of the Company's management, there has been no material adverse change in ADT Limited's and Attwoods plc's business activities subsequent to the release of the above information.

ADT Limited conducts electronic security services and vehicle auction services businesses in North America and Europe. Attwoods plc conducts solid waste removal and disposal operations in the United States, United Kingdom, and Germany.

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

August 31	1990	1989
Revolving/term bank loans (interest rates averaging 8.50% at August 31, 1990; 1989 – 9.87%)	$ 756,240	$525,708
9.03% notes due December 19, 1995	230,000	–
10.47% notes due November 1, 1994	170,000	170,000
9.49% notes due December 29, 1993, with interest rates, as a result of a swap agreement, of LIBOR plus 0.20%	155,000	155,000
Notes due at various dates to 1996, with interest rates from 6% to 11.25%	167,278	87,635
Other, including mortgages, lien notes and obligations under capital leases	4,746	5,938
	1,483,264	944,281
Less current portion	48,721	45,269
	$1,434,543	$899,012

On August 31, 1990, the Company had available $1,267 million (August 31, 1989 – $1,186 million) of revolving/term bank credit agreements of which approximately $485 million (August 31, 1989 – $641 million) was unused, with interest generally at the lower of the bank prime rates or money market rates plus fees of approximately 0.375% and without compensating balances or standby fee requirements. Each revolving period extends for two years and if not extended, the line to the extent being used at the end of the revolving period will become repayable in equal semi-annual instalments of principal over the next five years.

Under these agreements, the Company is required to maintain certain balance sheet ratios, all of which have been met at August 31, 1990.

During 1990 and 1989, the Company sold a total of three interest rate swap options with notional principal amounts totalling $580 million. These instruments allow the optionee to require the Company to enter into swap agreements in 1991 and 1992 at effective interest rates of LIBOR less 0.14% on $230 million and 9% on $350 million. The option premiums have been deferred and will be recognized either at the expiration of the option period or, if the optionee exercises his option, over the life of the resulting swap agreement.

The aggregate amount of minimum payments required on long-term debt in each of the years indicated below is as follows:

Year ending August 31,	1991	$ 48,721
	1992	3,497
	1993	179,077
	1994	405,741
	1995	318,575
	thereafter	527,653
		$1,483,264

4. Capital stock

(a) Authorized

Unlimited numbers of First, Second, Third and Fourth Preference Shares, each of which is issuable in series, are authorized. Unlimited numbers are designated as First Preference Shares Series E, Convertible First Preference Shares Series F and Convertible First Preference Shares Series G.

Unlimited numbers of voting Class A Shares and Class B Non-Voting Shares are authorized. Class B Non-Voting Shares are entitled to certain priorities in the payment of dividends. After payment of a similar amount on the Class A Shares, Class B Non-Voting Shares rank equally in further distributions.

(b) Issued and fully paid preference shares ($000's omitted except per share amounts)

August 31	1990	1989
5% Cumulative Convertible First Preference Shares Series G; issued at Cdn. $20 per share, convertible into 1.5 Class B Non-Voting Shares upon payment of Cdn. $5 at any time before February 18, 1991 and upon payment of Cdn. $8 at any time thereafter and on or before the earlier of February 17, 1994 and the day preceding the date fixed for redemption. They are not redeemable prior to February 18, 1991, are redeemable thereafter and prior to February 18, 1994, at the Company's discretion, if the market price of the Class B Non-Voting Shares on the fifth trading day prior to the date on which notice of redemption is given exceeds 125% of the conversion price on the date fixed for redemption, and after February 17, 1994 are redeemable, at the Company's discretion, at Cdn. $20; issued and outstanding 9,993,318 (August 31, 1989 – 9,997,350)	$147,042	$147,101

(c) Material changes in all classes of Capital Stock since September 1, 1987 ($000's omitted)

(i) Effective August 26, 1988, 10,999,000 1988 Class B Share Purchase Warrants expired.

(ii) During 1988 (primarily in August 1988), 4,460,583 $6^3/_4$% Cumulative Convertible First Preference Shares Series F with a stated value of $81,640 were converted to 13,561,915 Class B Non-Voting Shares.

(iii) During the first quarter of fiscal 1989, the $6^3/_4$% Cumulative Convertible First Preference Shares Series F were called for redemption. Prior to redemption, 225,536 of these $6^3/_4$% Cumulative Convertible First Preference Shares Series F with a stated value of $4,128 were converted to 618,706 Class B Non-Voting Shares. The remaining 18,974 $6^3/_4$% Cumulative Convertible First Preference Shares Series F with a stated value of $347 were redeemed at a total cost of $396.

(iv) On March 21, 1989, the Company issued 28,000,000 Class B Non-Voting Shares for net proceeds of $416,254.

(v) On May 1, 1989, stock options representing 236,250 Class B Non-Voting Shares were exercised for proceeds of $512.

(vi) On October 31, 1989, the Company issued 342,246 Class B Non-Voting Shares in the amount of $6,812 as partial consideration for the acquisition of a business.

(vii) On December 6, 1989, the Company issued 20,000,000 Class B Non-Voting Shares for net proceeds of $438,752.

(viii) On December 29, 1989, the Company issued 86,957 Class B Non-Voting Shares in the amount of $1,917 as partial consideration for the acquisition of a business.

(ix) On May 1, 1990, stock options representing 276,750 Class B Non-Voting Shares were exercised for proceeds of $1,292.

(d) Employee stock option program

Effective in 1984, the directors of the Company set aside 2,700,000 Class B Non-Voting Shares for issuance under an employee stock option program of which 2,187,000 remain to be issued as at August 31, 1990 (1989 – 2,467,125). The Plan provides for the granting of stock options to certain senior employees and officers of the Company at the discretion of the Board of Directors. All options are subject to certain conditions of service and a non-competition agreement and are exercisable on the fifth anniversary of their date of granting. At August 31, 1990, the aggregate options outstanding represented 1,647,000 Class B Non-Voting Shares and were exercisable as follows:

270,000 Class B Non-Voting Shares at Cdn. $8.33 per share exercisable May 1, 1991
232,000 Class B Non-Voting Shares at Cdn. $18.42 per share exercisable May 1, 1992
247,750 Class B Non-Voting Shares at Cdn. $14.63 per share exercisable May 1, 1993
419,750 Class B Non-Voting Shares at Cdn. $15.75 per share exercisable May 1, 1994
477,500 Class B Non-Voting Shares at Cdn. $22.75 per share exercisable May 1, 1995

5. Cumulative foreign currency translation adjustments

An analysis of the cumulative foreign currency translation adjustments included in shareholders' equity is as follows ($000's omitted):

August 31	**1990**	1989
Balance – beginning of year	**$(31,599)**	$(22,723)
Translation adjustments for the year	**(9,042)**	(8,876)
Balance – end of year	**$(40,641)**	$(31,599)

6. Unusual items ($000's omitted)

Unusual items consist of:

Year Ended August 31	**1990**	1989	1988
Gain on sale of Florida waste services operations	**$ —**	$35,506	$ —
Write down of long-term investments due to permanent impairment in value	**—**	(11,500)	—
	$ —	$24,006	$ —

The effect of these unusual items on earnings per share, net of income taxes, was $0.06 per share in 1989.

7. Income taxes

Income before income taxes and provision for income taxes by geographic area are as follows ($000's omitted):

Year Ended August 31	**1990**	1989	1988
Income before income taxes			
United States and foreign	**$290,281**	$244,264	$134,920
Canada	**18,597**	10,464	57,363
	$308,878	$254,728	$192,283
Provision for current income taxes			
United States and foreign	**$ 35,997**	$ 27,380	$ 12,101
Canada	**(2,187)**	2,701	21,175
	33,810	30,081	33,276
Provision for deferred income taxes			
United States and foreign	**(1,788)**	14,438	12,318
Canada	**11,378**	2,499	1,279
	9,590	16,937	13,597
Total provision for income taxes	**$ 43,400**	$ 47,018	$ 46,873

Year Ended August 31	**1990**	1989	1988
The Company's effective income tax rates are as follows:			
Combined basic Canadian Federal and Provincial income tax rate	**43.5%**	43.5%	49.3%
Canadian Federal surtax	**0.1**	0.1	0.2
Effect of lower tax rates applicable to U.S. and foreign income	**(21.3)**	(22.4)	(21.7)
Effect of lower tax rate applicable to dividend and other income and equity in earnings of associated companies	**(12.2)**	(3.9)	(3.3)
Other	**4.0**	1.2	(0.1)
	14.1%	18.5%	24.4%

Under U.S. GAAP the Company will be required to adopt the liability method of accounting for income taxes for its fiscal year beginning September 1, 1992. The impact of adopting the liability method cannot be reliably estimated at this time. The Company prepares its financial statements in accordance with Canadian GAAP and any adjustment which would be required to reflect the application of the liability method of accounting for income taxes will be a Canadian-U.S. GAAP reconciling item.

8. Discontinued operations ($000's omitted)

During the last fiscal quarter of 1990, the Company has sold or contracted to sell the two service businesses which, in prior years, comprised its other segment. These operations have been reported as discontinued operations and previously reported financial statements have been restated to reflect this presentation. Summarized financial information for these divisions to the effective date of their sale is set out below:

Year Ended August 31	**1990**	1989	1988
Revenue	**$ 65,933**	$73,979	$69,338
Income from operations	**1,761**	7,388	9,024
Other income (expense)	**(4,401)**	(4,431)	(3,408)
Income (loss) before income taxes	**(2,640)**	2,957	5,616
Income taxes	**723**	118	(2,395)
Income (loss) from discontinued operations before loss on disposal	**(1,917)**	3,075	3,221
Loss on disposal (net of income taxes of $2,400)	**(15,633)**	—	—
Income (loss) from discontinued operations	**$(17,550)**	$ 3,075	$ 3,221
Identifiable assets	**$ 19,985**	$62,790	$59,406

9. Extraordinary items ($000's omitted)

Year Ended August 31	**1990**	1989	1988
Provision for unresolved permitting issue at a hazardous waste services site, net of income taxes, of $11,500	**$ 30,822**	$ —	$ —
Other, net of income taxes of $400	**2,600**	—	—
	$ 33,422	$ —	$ —

10. Earnings per share

The earnings per share figures are calculated using the weighted average number of shares outstanding during the respective fiscal years. Assumed conversion of the convertible preference shares and exercise of employee stock options would not be dilutive.

Information required to calculate the basic or primary earnings per share is as follows ($000's omitted except per share amounts):

Year Ended August 31	**1990**	1989	1988
Income from continuing operations	**$265,478**	$207,710	$144,185
Preference share dividends	**8,535**	8,361	13,769
Income from continuing operations available to common shareholders	**256,943**	199,349	130,416
Income (loss) from discontinued operations	**(17,550)**	3,075	3,221
Extraordinary items	**(33,422)**	—	—
Net income available to common shareholders	**$205,971**	$202,424	$133,637
Weighted average number of shares outstanding (in thousands)	**233,522**	202,704	176,974
Earnings per share			
– Continuing operations	**$1.10**	$0.98	$0.74
– Discontinued operations	**(0.08)**	0.02	0.02
– Extraordinary items	**(0.14)**	—	—
Net income	**$0.88**	$1.00	$0.76

11. Prior period adjustment ($000's omitted)

In August 1990, the United States District Court judged the Company to be jointly and severally liable for an obligation of a trucking business disposed of by the Company in fiscal 1981, which arose subsequent to the disposition, in the amount of $15,000 (net of income taxes of $10,000). As this item meets the criteria of a prior period adjustment, the previously reported retained earnings as at September 1, 1989, 1988 and 1987 have been reduced by $15,000; accrued liabilities have been increased by $25,000 as at August 31, 1990, 1989 and 1988; and deferred income taxes have been reduced by $10,000 as at August 31, 1990, 1989 and 1988.

12. Cash provided by (used in) financing working capital
($000's omitted)

Year Ended August 31	**1990**	1989	1988
Trade and accounts receivable	**$ (95,243)**	$ (48,712)	$ (24,251)
Income taxes recoverable/payable	**(7,201)**	5,776	24,725
Inventories	**(1,577)**	(4,490)	(2,220)
Other current assets	**(7,665)**	(4,069)	(6,691)
Accounts payable and accrued liabilities	**67,136**	6,012	8,278
	$ (44,550)	$ (45,483)	$ (159)

13. Canadian and United States accounting principles
($000's omitted except per share amounts)
These consolidated financial statements have been prepared in accordance with Canadian GAAP which conforms in all material respects with U.S. GAAP, except as noted below:
(1) The item reported in 1990 as a prior period adjustment under Canadian GAAP (Note 11) would be reported as an extraordinary loss under U.S. GAAP. The effect on earnings per share in 1990 would be $0.06 loss from extraordinary item.
(2) Items reported in 1990 as extraordinary items under Canadian GAAP (Note 9) would be included in net income from continuing operations under U.S. GAAP as unusual and non-recurring items.

	Income from Continuing Operations	EPS	Net Income	EPS
Canadian GAAP earnings available to common shareholders	$256,943	$1.10	$205,971	$0.88
(1) Extraordinary loss	—	—	(15,000)	(0.06)
(2) Unusual and non-recurring items	(33,422)	(0.14)	—	—
U.S. GAAP earnings available to common shareholders	$223,521	$0.96	$190,971	$0.82

(3) In December, 1987, the Company's formerly 79% owned subsidiary, Laidlaw Industries, Inc., bought back all of its outstanding common shares not owned by the Company for an aggregate consideration of approximately $94.5 million, and the excess cost over book value of the common shares acquired of $65.5 million was charged to retained earnings as a capital transaction. Under U.S. GAAP, this transaction would be accounted for by the purchase method of accounting for business combinations, and all consideration would be allocated to the fair value of the underlying net assets being acquired.

As at August 31, 1990, this treatment would have had the approximate effect of increasing the carrying values of certain landfill properties by $4.3 million (1989 – $4.7 million), the excess cost of businesses purchased over fair value of net tangible assets acquired by $56.1 million (1989 – $57.5 million), and the total assets and shareholders' equity by $60.4 milion (1989 – $62.2 million). The effect on net income, income from continuing operations, and earnings per share would be immaterial in 1990, 1989 and 1988.

(4) The Company began accounting for its investment in Attwoods plc on the equity basis effective September 1, 1989 – prior to that time, the cost basis was used. U.S. GAAP requires that such a change be accounted for retroactively to the time of acquisition. The effect on 1989 net income, income from continuing operations and earnings per share would be immaterial.

14. Acquisitions
During the current year, the Company purchased 36 waste services businesses (27 solid waste and nine hazardous waste) (including on December 29, 1989, Tricil Limited for $206.7 million), and six passenger services businesses. During the year ended August 31, 1989, the Company purchased 30 waste services businesses (26 solid waste and four hazardous waste), and ten passenger services businesses. During the year ended August 31, 1988, the Company purchased 12 waste services businesses (eight solid waste and four hazardous waste), and 14 passenger services businesses.

These acquisitions have been accounted for as purchases, and accordingly, these financial statements include the results of operations of the acquired businesses from the dates of acquisition. The net assets acquired are summarized as follows ($000's omitted):

Year Ended August 31	**1990**	1989	1988
Net tangible assets acquired at book value	**$ 54,312**	$132,788	$ 72,230
Increase of net tangible assets to fair value at dates of acquisition	**138,602**	126,504	63,232
Excess of cost over fair value of net tangible assets acquired	**168,345**	35,377	47,886
Total consideration given	**$361,259**	$294,669	$183,348
Total use of working capital on these acquisitions consisted of:			
Non-current assets acquired	**$490,045**	$299,515	$222,930
Non-current liabilities assumed	**87,184**	19,826	45,282
	402,861	279,689	177,648
Long-term debt financing	**361,259**	277,755	183,348
Net increase (decrease) in working capital	**$ (41,602)**	$ (1,934)	$ 5,700

Pro forma data (unaudited)

Condensed pro forma income statement data, as if acquisitions each year had been acquired at the beginning of the previous year, are as follows ($000's omitted except per share amounts):

Year Ended August 31	**1990**	1989	1988
Income statement data			
Revenue	**$1,866,158**	$1,750,887	$1,377,702
Income from continuing operations before unusual items	**271,589**	205,736	147,206
Earnings per share from continuing operations before unusual items	**$1.13**	$0.97	$0.75

15. Lease commitments ($000's omitted)

Rental expense incurred under operating leases was $34,686, $23,140 and $21,202 in 1990, 1989 and 1988, respectively.

Rentals payable under operating leases for premises and equipment are as follows:

Year ending August 31,	1991	$37,207
	1992	25,402
	1993	19,943
	1994	15,650
	1995	10,933
	thereafter	28,049

16. Segmented information ($000's omitted)

Services

	Solid Waste Services		
Year Ended August 31	**1990**	1989	1988
Revenue	**$ 699,536**	$ 593,053	$528,190
Income from operations	**124,039**	113,677	87,324
Total identifiable assets	**1,014,142**	747,934	649,847
Capital expenditures	**298,907**	158,535	170,709
Depreciation and amortization	**82,674**	62,809	44,447

	Hazardous Waste Services		
Year Ended August 31	**1990**	1989	1988
Revenue	**$ 390,367**	$ 157,634	$ 89,226
Income from operations	**80,436**	32,645	15,762
Total identifiable assets	**746,170**	389,497	218,820
Capital expenditures	**358,767**	165,940	73,066
Depreciation and amortization	**35,243**	14,626	12,858

	Passenger Services		
Year Ended August 31	**1990**	1989	1988
Revenue	**$ 647,614**	$ 588,709	$496,220
Income from operations	**86,724**	93,288	92,011
Total identifiable assets	**663,454**	634,537	542,181
Capital expenditures	**108,327**	164,059	204,760
Depreciation and amortization	**67,356**	59,181	46,330

Geographic

	United States		
Year Ended August 31	**1990**	1989	1988
Revenue	**$1,259,786**	$1,018,384	$ 821,568
Income from operations	**208,719**	184,509	138,638
Total identifiable assets	**1,765,665**	1,448,554	1,135,745

	Canada		
Year Ended August 31	**1990**	1989	1988
Revenue	**$ 477,731**	$ 321,012	$ 292,068
Income from operations	**82,480**	55,101	56,459
Total identifiable assets	**658,101**	323,414	275,103

Consolidated

Year Ended August 31	**1990**	1989	1988
Revenue	**$1,737,517**	$1,339,396	$1,113,636
Income from operations	**291,199**	239,610	195,097
Other income (expense)	**(77,676)**	(3,092)	(2,814)
Equity in earnings of associated companies	**95,355**	18,210	—
Income taxes	**(43,400)**	(47,018)	(46,873)
Income from continuing operations before minority interest	**$ 265,478**	$ 207,710	$ 145,410
Total identifiable assets of segments	**$2,423,766**	$1,771,968	$1,410,848
Assets of discontinued operations	**19,985**	62,790	59,406
Corporate assets	**1,451,188**	816,518	166,673
Total assets	**$3,894,939**	$2,651,276	$1,636,927
Capital expenditures	**$ 769,893**	$ 491,776	$ 465,538
Depreciation and amortization	**187,705**	138,602	105,084

(continued)

17. Quarterly financial information (unaudited) ($000's omitted except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue					
– 1990	$404,078	$423,998	$494,384	$415,057	$1,737,517
– 1989	332,988	310,506	370,820	325,082	1,339,396
Income from operations					
– 1990	75,524	69,796	84,938	60,941	291,199
– 1989	61,614	57,042	67,996	52,958	239,610
Income from continuing operations					
– 1990	61,265	60,927	73,726	69,560	265,478
– 1989	42,551	42,580	53,919	68,660*	207,710*
Income (loss) from discontinued operations					
– 1990	(19)	(663)	(485)	(16,383)	(17,550)
– 1989	367	(578)	810	2,476	3,075
Extraordinary items					
– 1990	—	—	—	(33,422)	(33,422)
– 1989	—	—	—	—	—
Net income					
– 1990	61,246	60,264	73,241	19,755	214,506
– 1989	42,918	42,002	54,729	71,136*	210,785*
Earnings per share from continuing operations					
– 1990	0.27	0.25	0.30	0.28	1.10
– 1989	0.22	0.21	0.24	0.31*	0.98*
Earnings per share – Net income					
– 1990	0.27	0.24	0.30	0.07	0.88
– 1989	0.22	0.21	0.25	0.32*	1.00*

* Includes $12,306 ($0.06 per share) from unusual items.

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). These consolidated financial statements conform, in all material respects, with accounting principles generally accepted in the United States ("U.S. GAAP"), except for the reporting of certain extraordinary items and a prior period adjustment in 1990, the reporting of the Company's subsidiary's capital transaction in 1988, and the change in method of accounting for investment tax credits from the flow through method to the cost reduction method in 1986. See also Note 13 of Notes to Consolidated Financial Statements.

Year Ended August 31	**1990**	1989	1988	1987	1986
Income Statement Data Under Canadian GAAP		($000's omitted except per share amounts)			
Revenue	**$1,737,517**	$1,339,396	$1,113,636	$ 851,896	$497,662
Income from operations	**291,199**	239,610	195,097	138,067	75,437
Income from continuing operations before income taxes, minority interest, discontinued operations and extraordinary items	**308,878**	254,728	192,283	134,480	82,075
Income from continuing operations	**265,478**	207,710	144,185	92,022	48,063
Income before extraordinary items	**247,928**	210,785	147,406	92,272	47,667
Net income	**214,506**	210,785	147,406	92,272	47,667
Earnings per share from continuing operations	**1.10**	0.98	0.74	0.53	0.30
Earnings per share before extraordinary items	**1.02**	1.00	0.76	0.53	0.30
Earnings per share	**0.88**	1.00	0.76	0.53	0.30
Dividends per Class A Share	**0.231**	0.192	0.147	0.089	0.055
Dividends per Class B Non-Voting Share	**0.231**	0.192	0.147	0.089	0.055
Average number of Class A and Class B Shares (000's)	**233,522**	202,704	176,974	154,547	137,187
Approximate Amounts Under U.S. GAAP					
Income from continuing operations	**$ 232,056**	$ 207,710	$ 144,185	$ 92,022	$ 49,829
Income before extraordinary items	**214,506**	210,785	147,406	92,272	49,433
Net income	**199,506**	210,785	147,406	92,272	49,433
Earnings per share from continuing operations	**0.96**	0.98	0.74	0.53	0.32
Earnings per share before extraordinary items	**0.88**	1.00	0.76	0.53	0.31
Earnings per share	**0.82**	1.00	0.76	0.53	0.31
Balance Sheet Data (at end of year) Under Canadian GAAP					
Working capital	**$ 222,531**	$ 68,405	$ 94,212	$ 99,848	$121,769
Property and equipment, net	**1,701,648**	1,344,316	1,075,228	781,304	327,915
Total assets	**3,894,939**	2,651,276	1,636,927	1,254,173	650,357
Long-term debt	**1,434,543**	899,012	514,036	180,201	137,650
Minority interest	**—**	—	—	31,128	31,662
Shareholders' equity	**2,053,867**	1,462,194	891,630	847,867	372,701
Other Data					
Operating margin	**16.8%**	17.9%	17.5%	16.2%	15.2%
Pre-tax margin	**17.8**	19.0	17.3	15.8	16.5
After-tax margin	**15.3**	15.5	12.9	10.8	9.7
Return on average common shareholders' equity	**15.1**	20.3	20.5	22.4	23.5
Return on assets	**8.1**	9.8	10.2	9.7	8.5
Long-term debt/capital	**40.1**	37.2	35.7	16.7	24.7
Long-term debt/equity	**69.8**	61.5	57.7	21.3	36.9

The following table sets forth, for the periods and dates indicated, certain information concerning the Canadian dollar exchange rate for translating United States dollars based on the noon buying rate in New York City for cable transfers payable in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

Year Ended August 31	**1990**	1989	1988	1987	1986
High	**Cdn. $1.2068**	Cdn. $1.2390	Cdn. $1.3145	Cdn. $1.3889	Cdn. $1.4380
Low	**1.1316**	1.1713	1.2118	1.3193	1.3591
Average	**1.1710**	1.1958	1.2643	1.3506	1.3893
End of year	**1.1545**	1.1763	1.2400	1.3196	1.3866

On October 11, 1990, the noon buying rate in New York City for the U.S. dollar, as reported by the Federal Reserve Bank of New York, was Cdn. $1.1514.

STOCK MARKET INFORMATION AND DIVIDENDS

The Company's Class A Shares and Class B Non-Voting Shares are listed in Canada on The Toronto Stock Exchange and The Montreal Exchange and trade in the United States on the NASDAQ National Market System under the symbols LDMFA and LDMFB, respectively. The Company has filed an application to list both classes of shares on the New York Stock Exchange.

The following table sets forth the reported high and low sales prices for the Class A Shares and the Class B Non-Voting Shares on The Toronto Stock Exchange in Canadian dollars for the periods indicated.

	Class A Shares		Class B Non-Voting Shares	
1989 Fiscal Year	High	Low	High	Low
First quarter	$19.13	$16.25	$18.25	$15.25
Second quarter . . .	20.63	18.13	19.88	16.75
Third quarter.	19.75	16.13	18.13	15.00
Fourth quarter . . .	20.38	17.25	20.25	16.63
1990 Fiscal Year	High	Low	High	Low
First quarter	$27.00	$19.63	$26.88	$19.00
Second quarter . . .	28.38	23.63	28.38	23.63
Third quarter.	26.63	21.88	26.75	21.88
Fourth quarter . . .	28.13	21.25	28.13	20.88

The following table sets forth the reported high and low sales prices for the Class A Shares and the Class B Non-Voting Shares by NASDAQ in U.S. dollars for the periods indicated.

	Class A Shares		Class B Non-Voting Shares	
1989 Fiscal Year	High	Low	High	Low
First quarter	$16.00	$13.13	$15.25	$12.25
Second quarter . . .	17.38	15.25	16.75	14.00
Third quarter.	14.50	13.75	13.88	12.63
Fourth quarter . . .	17.38	14.25	17.13	13.75
1990 Fiscal Year	High	Low	High	Low
First quarter	$23.38	$16.63	$23.38	$16.00
Second quarter . . .	24.50	19.88	24.63	19.63
Third quarter.	22.75	18.88	22.75	18.88
Fourth quarter . . .	24.50	18.63	24.50	18.13

As of September 30, 1990, there were 2,066 and 7,737 holders of record of Class A Shares and Class B Non-Voting Shares, respectively.

The Company has paid cash dividends every year since 1969. Cash dividends of $0.05 Canadian per Class A Share and Class B Non-Voting Share were paid on November 15, 1988; of $0.06 Canadian per Class A Share and Class B Non-Voting Share on each of February 15, 1989, May 15, 1989, August 15, 1989 and November 15, 1989; and of $0.07 Canadian per Class A Share and Class B Non-Voting Share on each of February 15, 1990, May 15, 1990 and August 15, 1990. Cash dividends of $0.07 Canadian per Class A Share and Class B Non-Voting Share have been declared payable on November 15, 1990.

Holders of record of Class A Shares and Class B Non-Voting Shares with U.S. addresses will receive dividends in U.S. dollars based on the then current exchange rate. Dividends paid to non-residents of Canada will be subject to Canadian non-resident withholding tax at the rate of 25% unless reduced by an applicable tax treaty. The present treaty reduced rate for U.S. residents is generally 15%. A holder who is not resident in Canada will not be subject to Canadian capital gains taxes on the disposition of Class A Shares or Class B Non-Voting Shares unless it is taxable Canadian property within the meaning of the Income Tax Act of Canada and the non-resident is not entitled to relief under an applicable tax treaty.

The cover and text pages of this Report are printed on alkaline base, acid free environmentally benign art paper.

CORPORATE INFORMATION

DIRECTORS

Peter N.T. Widdrington
Chairman of the Board
John Labatt Limited

Donald K. Jackson*
President and Chief Executive Officer
Laidlaw Inc.

Michael A. Ashcroft
Chairman, President and
Chief Executive Officer
ADT Limited

William P. Cooper*
President and Chief Executive Officer
Cooper Corporation Limited

Michael G. DeGroote*
President and Chief Executive Officer
Westbury International Corporation

Ronald K. Gamey†
Executive Vice-President
Canadian Pacific Limited

Donald M. Green, C.M.*†
Chairman
Tridon Ltd.

James F. Hankinson
President and Chief Operating Officer
Canadian Pacific Limited

Ralph J. Sazio†
Retired Executive

William W. Stinson*
Chairman and Chief Executive Officer
Canadian Pacific Limited

* Member of the Executive Committee
† Member of the Audit Committee

OFFICERS

Peter N.T. Widdrington
Chairman of the Board

Donald K. Jackson
President and Chief Executive Officer

Ivan R. Cairns
Senior Vice-President and General Counsel

Leslie W. Haworth
Senior Vice-President and
Chief Financial Officer

Jeffery Cassell
Vice-President, Risk Management

William R. Cottick
Secretary

Peter H. Hallsworth
Vice-President, Information Systems

Richard G. Smith
Vice-President, Corporate Development

Thomas A.G. Watson
Vice-President, Communications

Victor A. Wells
Vice-President, Controller

MAJOR SUBSIDIARIES

Laidlaw Environmental Services, Inc.
William E. Stilwell, President

Laidlaw Environmental Services Ltd.
Charles A. Lalonde, President

Laidlaw Transit, Inc.
Kenneth L. Lyons, President

Laidlaw Waste Systems Inc.
Nigel G.H. Guilford, President

OTHER MAJOR INTERESTS

ADT Limited
Attwoods plc

EXECUTIVE OFFICES

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(416) 336-1800

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Toronto, Ontario
M5C 2A5

Mellon Securities
Transfer Services
120 Broadway
33rd Floor
New York, New York
10271

ANNUAL MEETING

Laidlaw Inc.'s Annual Meeting will be held December 6, 1990 at 4:15 p.m. at the Metro Toronto Convention Centre, Room 206, 255 Front Street West, Toronto, Ontario, Canada.

FORM 10-K

A copy of the Company's Annual Report on Form 10-K for 1990 may be obtained without charge upon a written request to the Company.

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