

IN THE MATTER OF THE LEGISLATION OF THE PROVINCES OF  
MANITOBA, QUÉBEC, PRINCE EDWARD ISLAND, NEW BRUNSWICK, THE  
NORTHWEST TERRITORIES, THE YUKON TERRITORY AND THE TERRITORY OF  
NUNAVUT

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW  
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
LAIDLAW INC.  
AND LAIDLAW INVESTMENTS LTD.

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Manitoba, Québec, Prince Edward Island, New Brunswick, the Northwest Territories, the Yukon Territory and the Territory of Nunavut (collectively the "Jurisdictions") has received an application (the "Application") from Laidlaw Inc. ("Laidlaw") and Laidlaw Investments Ltd. ("New Laidlaw" and collectively referred to as the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the registration requirement and the prospectus requirement contained in the Legislation (the "Registration and Prospectus Requirements") shall not apply to trades of certain securities pursuant to a plan of reorganization (the "Plan") made under the U.S. Bankruptcy Code (the "Bankruptcy Code") and certain trades made under New Laidlaw's equity incentive plan subject to certain conditions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), The Manitoba Securities Commission is the principal regulator for this application;

AND WHEREAS unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. Laidlaw is a corporation incorporated under the Canada Business Corporations Act pursuant to articles of amalgamation dated July 28, 1997. Laidlaw and its subsidiaries are in the business of providing intercity bus transportation, municipal transit, patient transportation and emergency department management services.
2. The registered and principal offices of Laidlaw are located in the City of Burlington, in the Province of Ontario.
3. Laidlaw is and has been a reporting issuer (or the equivalent) for a period in excess of 12 months in each of the Jurisdictions that provides for a reporting issuer regime.

4. The outstanding Laidlaw common shares and preference shares designated as First Preference Shares – Series G have been suspended from trading on the TSX. The New York Stock Exchange (the "NYSE") has delisted the Laidlaw common shares.

5. New Laidlaw is a direct subsidiary of Laidlaw incorporated under the laws of Ontario pursuant to articles of incorporation dated September 25, 1985 and is to be continued into the State of Delaware upon receipt of a certificate of domestication and shall thereafter be subject to Delaware General Corporation Law.

6. The principal offices of New Laidlaw are to be located in Naperville, Illinois in the United States of America.

7. New Laidlaw is not a reporting issuer in any of the Jurisdictions.

8. Immediately prior to the Effective Date, all of the issued and outstanding common shares in the capital of New Laidlaw will be held by Laidlaw and will, on the Effective Date, be transferred to certain of Laidlaw's creditors in accordance with the Plan.

9. The Plan provides for a comprehensive reorganization of Laidlaw's assets such that New Laidlaw will become the ultimate parent company in the reorganized corporate structure and the creditors of Laidlaw (together with certain creditors of Laidlaw's two U.S. subsidiaries, Laidlaw Transportation, Inc. and Laidlaw One, Inc. (the "Subsidiary Debtors")) (collectively such Laidlaw creditors and Subsidiary Debtors' creditors are referred to herein as the "Creditors") will be New Laidlaw shareholders on the Effective Date. The Creditors will receive, in satisfaction of their claims, a combination of (i) common shares in the capital of New Laidlaw, (ii) share purchase rights granting each holder of New Laidlaw's common shares the right to acquire preferred shares in the capital of New Laidlaw in accordance with New Laidlaw's rights agreement to be entered into on the Effective Date and (iii) cash.

10. On June 28, 2001 (the "Petition Date"), the Filers and certain of their subsidiaries (the "Debtors") filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court of the Western District of New York (the "US Court"). On June 28, 2001, the Filers also obtained an order of the Ontario Superior Court of Justice (the "Canadian Court") pursuant to the Companies' Creditors Arrangement Act (Canada) the ("CCAA").

11. Prior to the Petition Date, Laidlaw commenced discussions with the Canadian Imperial Bank of Commerce, as administrative agent for the lenders (the "Lenders") under the amended and restated credit agreement under which Laidlaw is a borrower (the "Credit Agreement") dated as of February 24, 1999 (the "Bank Group"), and an informal committee of the holders of notes issued by Laidlaw under various indentures (the "Noteholders' Committee") regarding a restructuring of Laidlaw's financial obligations. In the aggregate, the Bank Group and the Noteholders' Committee represent holders of over US\$3 billion of the outstanding debt obligations of Laidlaw and the Subsidiary Debtors. After extensive negotiations conducted among Laidlaw, the Bank Group and the Noteholders' Committee over several months, the parties reached an agreement in principle on a plan of reorganization for Laidlaw. Accordingly,

on the Petition Date, the Debtors filed a plan of reorganization and related disclosure statement outlining the agreed terms of the Plan, both of which have since been amended. An amended plan of reorganization and related disclosure statement was filed on January 13, 2003.

12. The Filers were not required to file a separate plan of reorganization under the CCAA. However, as a condition to the Plan becoming effective, the Canadian Court issued an order effecting certain elements of the transactions contemplated under the Plan.

13. The implementation of the Plan is necessary for the business of Laidlaw and its operating subsidiaries to continue as a going concern.

14. Following implementation of the Plan, the business carried on by New Laidlaw will be substantially the same as the business carried on by Laidlaw.

15. As at the Effective Date, the authorized capital of New Laidlaw is expected to consist of 500,000,000 shares of common stock ("New Common Stock") and 50,000,000 shares of preferred stock.

16. Subject to the terms and conditions set forth in New Laidlaw's rights agreement to be entered into on the Effective Date, each Creditor that is issued New Common Stock under the Plan will receive a right (a "Purchase Right") to purchase 1/100 of a share of preferred stock of New Laidlaw for each share of New Common Stock held. The Purchase Rights will trade together with, not independently from, the New Common Stock.

17. It is intended that the New Common Stock will be traded on the TSX. Application has been made to the TSX for the listing of the New Common Stock. It is a condition of the Plan that the NYSE approve a listing of the New Common Stock which condition can be waived by the Creditors.

18. Pursuant to the Bankruptcy Code, the Plan is subject to approval (the "Creditor Approval") of the Creditors.

19. In connection with the Creditor Approval, a disclosure statement for the Plan (the "Disclosure Statement") was prepared in accordance with the requirements of the Bankruptcy Code and was approved by the US Court on January 23, 2003 and has been distributed to the Creditors.

20. The Disclosure Statement provides a detailed description of the terms of the Plan, the background and events leading to filing of the Plan and prospectus level disclosure of the business of the Filers, including audited financial statements for Laidlaw's fiscal year ended August 31, 2002 and pro forma financial statements.

21. On the Effective Date, New Laidlaw will implement an equity incentive plan for certain key employees of New Laidlaw and its eligible subsidiaries (the "Equity Incentive Plan") which will provide that New Common Stock may be issued or transferred in certain circumstances, including upon the exercise of option rights.

22. New Laidlaw may grant options to acquire shares of New Common Stock to certain key employees pursuant to the Equity Incentive Plan on the Effective Date.

23. The Disclosure Statement also indicates that the issuance and subsequent transfer of the New Common Stock and New Laidlaw securities issued, if any, under the Equity Incentive Plan may be subject to relief granted by the applicable Decision Makers.

24. The Disclosure Statement was distributed to the Creditors and to the extent that any securities of New Laidlaw are to be issued to key employees under the Equity Incentive Plan, such key employees will receive a copy of the Disclosure Statement.

25. In addition to the Creditor Approval, the Plan was confirmed by the US Court at a confirmation hearing held on February 27, 2003 and recognition of such confirmation was granted by the Canadian Court on February 28, 2003.

26. All distributions of securities to Creditors will be made pursuant to the Plan.

27. Holders of Laidlaw common shares and Laidlaw preferred shares will not receive any distributions under the Plan.

28. On the Effective Date, Laidlaw will transfer New Common Stock and Purchase Rights to certain of its creditors under the Plan in partial satisfaction of outstanding debt owing to such creditors (the "Laidlaw Distribution"). On the same date, New Laidlaw will issue New Common Stock and Purchase Rights to certain of the Subsidiary Debtors' creditors in partial satisfaction of outstanding debt owed to such creditors and New Laidlaw will issue New Common Stock and Purchase Rights to a trust formed for the benefit of certain defined pension benefit plans sponsored by Laidlaw and its affiliates (collectively referred to as the "New Laidlaw Distributions") (collectively the Laidlaw Distribution and the New Laidlaw Distributions are referred to herein as the "Trades" and the securities referenced in this paragraph are referred to as the "Reorganization Securities"). Following implementation of the Plan, New Laidlaw will have approximately \$1.4 billion of debt outstanding.

29. On or prior to the Effective Date, New Laidlaw will issue senior notes or senior subordinated notes (the "Notes") pursuant to applicable exemptions from the Registration and Prospectus Requirements.

30. The Filers believe that, pursuant to the provisions of the Bankruptcy Code, the offer and distribution of the Reorganization Securities under the Plan are exempt from registration under U.S. federal securities laws.

31. Immediately following implementation of the Plan, the business of New Laidlaw will be substantially the same as the business of Laidlaw prior to the implementation of the Plan and New Laidlaw will be, provided the relief requested herein is obtained, a reporting issuer or its equivalent in each of the Jurisdictions in which the Legislation contains the concept of a reporting issuer and as such, New Laidlaw will be subject to compliance with the continuous disclosure obligations of the Legislation.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. in Manitoba, Québec, New Brunswick, the Northwest Territories, Yukon and Nunavut the Registration and Prospectus Requirements shall not apply to the Trades of the Reorganization Securities pursuant to the Plan, or the issuance of any preferred shares in the capital of New Laidlaw issued to holders of Purchase Rights in accordance with the terms of the Rights Agreement, provided that:

(i) all approvals required by orders of the US Court and the Canadian Court to implement the Plan have been obtained, and all conditions of such Plan have been satisfied or waived in accordance with such Plan; and

(ii) in Manitoba, Prince Edward Island, the Northwest Territories, Yukon and Nunavut, New Laidlaw shall be made subject to the reporting requirements of such Jurisdictions as of the Effective Date.

2. in Newfoundland and Labrador, Prince Edward Island, New Brunswick, the Northwest Territories, Yukon and Nunavut the Registration and Prospectus Requirements shall not apply to the issuance of any New Laidlaw securities under or in connection with the Equity Incentive Plan;

3. the first trade of New Common Stock and the Purchase Rights granted to holders of such New Common Stock distributed under the Plan and the first trade of any preferred shares in the capital of New Laidlaw issued to the holders of Purchase Rights in accordance with the terms of the Rights Agreement and the first trade of Notes issued to purchasers of the Notes shall be a distribution (or a primary distribution to the public, as the case may be) under the applicable Legislation unless:

(a) except in Québec, the conditions in subsection (4) of section 2.6 or, with respect to control distributions, subsection (3) of section 2.8 of Multilateral Instrument 45-102 *Resale of Securities* ("MI 45-102") are satisfied. For greater certainty, for the purposes of determining the period of time that New Laidlaw has been a reporting issuer under section 2.6 or 2.8 of MI 45-102, the period of time during which Laidlaw was a reporting issuer may be included and furthermore, for the purpose of determining the period of time that any "control person" has held New Laidlaw securities, the time such person has held the securities exchanged for such New Laidlaw securities pursuant to the Plan may be included, or

(b) in Québec New Laidlaw is and has been a reporting issuer in Québec for the 12 months immediately preceding the trade (and for the purposes of determining the period of time that

New Laidlaw has been a reporting issuer in Québec, the period of time that Laidlaw was a reporting issuer shall be included),

(i) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade,

(ii) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and

(iii) if the selling shareholder is an insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of securities legislation.

DATED April 30, 2003.

"Chris Besko"  
Deputy Director - Legal