This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, lawyer or other professional adviser.

LAIDLAW INC.

OFFER TO PURCHASE

all of the outstanding common shares and options to acquire common shares of

GREYHOUND CANADA TRANSPORTATION CORP.

on the basis of $5.50 (Cdn.) cash per common share

THE OFFER WILL EXPIRE AT 6:00 P.M. (CALGARY TIME) ON WEDNESDAY, OCTOBER 1, 1997, UNLESS WITHDRAWN OR EXTENDED.

The Offer is conditional upon, among other things, there being validly deposited under the Offer and not withdrawn that number of common shares ("Greyhound Shares") of Greyhound Canada Transportation Corp. ("Greyhound") which constitutes at least 66⅔% of the outstanding Greyhound Shares (calculated on a fully-diluted basis).

The closing price of a Greyhound Share on The Toronto Stock Exchange (the "TSE") on August 29, 1997, the trading day immediately prior to the announcement of the Offer, was $3.60 (Cdn). The closing price of a Greyhound Share on the TSE on September 8, 1997 was $5.45 (Cdn).

Greyhound has confirmed to Laidlaw that the board of directors of Greyhound has concluded that the Offer is fair to Shareholders and is in the best interests of Greyhound and the Shareholders for the reasons set forth in Greyhound's directors' circular dated September 9, 1997, has waived the application of Greyhound's shareholder rights plan to the Offer and recommends that Shareholders accept the Offer.

Shareholders who wish to accept the Offer must properly complete and execute the accompanying Letter of Transmittal or a manually executed facsimile thereof and deposit it, together with certificates representing their Greyhound Shares, in accordance with the instructions in the Letter of Transmittal. Alternatively, Shareholders may follow the procedure for guaranteed delivery set forth under Section 3 of the Offer — "Manner of Acceptance — Procedure for Guaranteed Delivery". Laidlaw also is offering to acquire all of the outstanding options ("Options") to acquire Greyhound Shares, as follows: (i) $0.52 for each Option exercisable at a price of $4.98 per Greyhound Share; (ii) $1.00 for each Option exercisable at a price of $4.50 per Greyhound Share; and (iii) $1.95 for each Option exercisable at a price of $3.55 per Greyhound Share. Holders of Options who wish to accept the Offer must properly complete and execute the accompanying Assignment or a manually executed facsimile thereof and deposit it in accordance with the instructions in the Assignment.

Questions and requests for assistance may be directed to the Dealer Manager and additional copies of this Offer and Offering Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Assignment may be obtained without charge on request from Montreal Trust Company of Canada at any of its offices shown on the last page of this Offer and Offering Circular.

Shareholders whose Greyhound Shares are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer.

Shareholders should be aware that, during the currency of the Offer, the Offeror or its affiliates, directly or indirectly, may bid for or make purchases of Greyhound Shares or of Greyhound's related securities, as permitted by applicable laws or regulations of Canada or its provinces or territories.

On September 8, 1997, the Bank of Canada noon rate of exchange was Canadian $1.00 = United States $1.3829.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Offeror or its agents may, in their sole discretion, take such action as they deem necessary to extend the Offer to Shareholders in such jurisdiction.

The Dealer Manager for the Offer is:

NESBITT BURNS INC.
1 First Canadian Place
4th Floor, P.O. Box 150
Toronto, Ontario M5X 1H3

September 9, 1997

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DEFINITIONS

In the accompanying Summary, Offer and Offering Circular, unless the context otherwise requires, the following terms have the meanings indicated:

"affiliate" has the meaning ascribed thereto in the *Securities Act* (Ontario), unless otherwise indicated;

"Air Charter Agreement" means that certain air charter agreement among Greyhound, Kelowna Flightcraft Air Charter Ltd. and Kelowna Flightcraft Ltd. dated as of February 6, 1996 and amended and restated as of April 22, 1996;

"Assignment" means the Assignment of Options (printed on pink paper) in the form accompanying the Offer and Offering Circular to holders of Options;

"associate" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"CBCA" means the *Canada Business Corporations Act*, as amended;

"Compulsory Acquisition" has the meaning ascribed thereto under "Acquisition of Greyhound Shares Not Deposited under the Offer" in the Offering Circular;

"CVMQ" means Commission des valeurs mobilières du Québec;

"Dealer Manager" means Nesbitt Burns Inc.;

"Depositary" means Montreal Trust Company of Canada;

"Eligible Institution" means a Canadian chartered bank, a major trust company in Canada, a member firm of the TSE, The Alberta Stock Exchange, the Montreal Exchange or the Vancouver Stock Exchange, or a member of the Transfer Association Medallion (Stamp) Program;

"Expiry Time" means 6:00 p.m. (Calgary time) on the Termination Date;

"fully-diluted basis" means, with respect to the number of Greyhound Shares, the number of Greyhound Shares that would be outstanding assuming all outstanding Options had been exercised;

"Greyhound" means Greyhound Canada Transportation Corp., a corporation incorporated under the laws of Canada;

"Greyhound Shares" means common shares in the capital of Greyhound;

"Greyhound Air Marketing Service" means the air marketing service of Greyhound as contemplated by the Air Charter Agreement;

"Laidlaw" and **"Offeror"** means Laidlaw Inc., a corporation continued under the laws of Canada;

"Letter of Transmittal" means the Letter of Transmittal for Greyhound Shares (printed on blue paper) in the form accompanying the Offer and Offering Circular;

"Minimum Condition" has the meaning ascribed thereto in Section 4 of the Offer;

"Notice of Guaranteed Delivery" means the Notice of Guaranteed Delivery for Deposit of Greyhound Shares (printed on green paper) in the form accompanying the Offer and Offering Circular;

"Offer" means the offer to purchase made hereby to holders of Greyhound Shares and Options;

"Offer Period" means the period commencing on September 9, 1997 and ending at the Expiry Time;

"Offering Circular" means the offering circular accompanying the Offer;

"Options" means options and corresponding stock appreciation rights to acquire Greyhound Shares granted pursuant to Greyhound's stock option plan;

"OSC" means the Ontario Securities Commission;

"Policy 9.1" means Policy Statement No. 9.1 of the OSC;

"Policy Q-27" means Policy Q-27 of the CVMQ;

"Pre-Offer Agreement" means that certain pre-offer agreement between Laidlaw and Greyhound entered into effective August 29, 1997, pursuant to which Laidlaw agreed to make the Offer upon the terms and conditions hereof;

"Shareholders" means the holders of Greyhound Shares;

"Soliciting Dealer Group" has the meaning ascribed thereto under "Other Matters Relating to the Offer — Dealer Manager and Soliciting Dealer Group" in the Offering Circular;

"subsidiary" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"Subsequent Acquisition Transaction" has the meaning ascribed thereto under "Acquisition of Greyhound Shares Not Deposited under the Offer" in the Offering Circular;

"Tax Act" means the *Income Tax Act* (Canada), as amended;

"Termination Date" means Wednesday, October 1, 1997, or such later time and date or times and dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer — "Extension, Variation or Change in the Offer"; and

"TSE" means The Toronto Stock Exchange.

All dollar references in the accompanying Summary, Offer and Offering Circular are in Canadian dollars unless otherwise indicated.

SUMMARY

The following is a summary of the principal provisions of the accompanying Offer and Offering Circular and is qualified in its entirety by reference to those documents.

The Offer

The Offeror is offering, upon the terms and subject to the conditions of the Offer, to purchase all of the issued and outstanding Greyhound Shares (other than the Greyhound Shares currently owned by the Offeror), including Greyhound Shares which may become outstanding on the exercise of Options, on the basis of $5.50 cash for each Greyhound Share. Laidlaw also is offering to acquire all of the outstanding Options, as follows: (i) $0.52 for each Option exercisable at a price of $4.98 per Greyhound Share; (ii) $1.00 for each Option exercisable at a price of $4.50 per Greyhound Share; and (iii) $1.95 for each Option exercisable at a price of $3.55 per Greyhound Share.

The closing price of a Greyhound Share on the TSE on August 29, 1997, the trading day immediately prior to the announcement of the Offer, was $3.60. The closing price of a Greyhound Share on the TSE on September 8, 1997 was $5.45.

The obligation of the Offeror to take up and pay for Greyhound Shares and Options pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer — "Conditions of the Offer".

Greyhound has confirmed to Laidlaw that the board of directors of Greyhound has concluded that the Offer is fair to Shareholders and is in the best interests of Greyhound and the Shareholders for the reasons set forth in Greyhound's directors' circular dated September 9, 1997, has waived the application of Greyhound's shareholder rights plan to the Offer and recommends that Shareholders accept the Offer.

The Offeror has been advised that, as at September 4, 1997, there were 11,936,285 Greyhound Shares outstanding on a fully-diluted basis.

Laidlaw Inc.

Laidlaw is the largest emergency healthcare transportation, school busing and municipal transit service company in North America. Laidlaw also provides hazardous waste services from 100 service locations in seven Canadian provinces and 26 American states, primarily through Laidlaw Environmental Services, Inc., of which Laidlaw owns 66% of the equity securities. In its fiscal year ended August 31, 1996, Laidlaw had revenues of U.S. $2,296.0 million and net income of U.S. $161.8 million. Laidlaw's Common Shares are listed on the TSE, the Montreal Exchange and the New York Stock Exchange.

As at the date hereof, Laidlaw owns 649,160 Greyhound Shares, representing approximately 6% of the outstanding Greyhound Shares.

Greyhound Canada Transportation Corp.

Greyhound began active business operations on June 1, 1996 upon completion of a statutory arrangement with Greyhound Lines of Canada Ltd. Greyhound's two principal segments of business are: (a) ground transportation services, which include regular scheduled bus passenger travel, courier services and charter bus travel; and (b) the Greyhound Air Marketing Service. On August 31, 1997, Greyhound gave notice to Kelowna Flightcraft Air Charter Ltd. and Kelowna Flightcraft Charter Ltd. of the termination of the Air Charter Agreement effective November 30, 1997 and that Greyhound Air will cease operations effective September 21, 1997. In its first fiscal period (five months) ended October 31, 1996, Greyhound had revenues of $103.4 million and net loss of $1.0 million. The Greyhound Shares are listed on the TSE.

Purpose of the Offer

The purpose of the Offer is to enable the Offeror to acquire control of Greyhound and to own all the outstanding Greyhound Shares and Options. The Offeror's principal objective in seeking to acquire all of the Greyhound Shares and Options pursuant to the Offer is to acquire the business of Greyhound and consolidate its inter-city and tourism bus operations with the Offeror's existing operations. If the Offeror takes up and pays for the Greyhound Shares validly deposited under the Offer, the Offeror will exercise its statutory right, if available, to acquire all of the Greyhound Shares not deposited under the Offer or, if such statutory right of acquisition is not available, the Offeror will seek to cause a special meeting of Shareholders to be called to consider a statutory arrangement, amalgamation or other transaction that may constitute a going private transaction for the purpose of enabling Laidlaw to acquire all of the Greyhound Shares not deposited under the Offer. See "Acquisition of Greyhound Shares Not Deposited under the Offer" in the Offering Circular.

Time for Acceptance

The Offer is open for acceptance until 6:00 p.m. (Calgary time) on Wednesday, October 1, 1997 or such later time and date or times and dates to which the Offer may be extended, unless withdrawn by the Offeror.

Manner of Acceptance

Shareholders wishing to accept the Offer must deposit before the Expiry Time certificate(s) representing their Greyhound Shares together with a Letter of Transmittal or a facsimile thereof, properly completed and signed, at any one of the offices of the Depositary specified in the Letter of Transmittal. If a Shareholder wishes to deposit Greyhound Shares pursuant to the Offer and the certificate(s) representing the Greyhound Shares are not immediately available, or if such Shareholder cannot deliver the certificate(s) and all other required documents to the Depositary at or prior to the Expiry Time, such Greyhound Shares may nevertheless be deposited in compliance with the procedure for guaranteed delivery. See Section 3 of the Offer — "Manner of Acceptance — Procedure for Guaranteed Delivery".

Holders of Options who do not wish to exercise those Options but wish to accept the Offer should complete and sign the accompanying Assignment in accordance with the instructions and deposit the completed Assignment at any one of the offices of the Depositary specified in the Assignment.

Payment

Upon the terms and subject to the conditions of the Offer, the Offeror will take up Greyhound Shares and Options duly and validly deposited under the Offer in accordance with the terms thereof on or as soon after October 1, 1997 as (i) the Offeror is permitted by law to take up such securities; and (ii) the conditions of the Offer (as the same may be amended or waived) have been satisfied or waived. The Offeror will pay for Greyhound Shares and Options taken up under the Offer in accordance with the terms thereof on or prior to the date on which the Offeror is required by law to make such payment. See Section 6 of the Offer — "Payment for Deposited Greyhound Shares".

Conditions of the Offer

The Offeror will have the right to withdraw the Offer, and will not be required to take up or pay for any Greyhound Shares or Options deposited under the Offer, if any of the conditions described in Section 4 of the Offer — "Conditions of the Offer" have not been satisfied or waived at or prior to the Expiry Time, including that there shall have been validly deposited under the Offer and not withdrawn that number of Greyhound Shares which constitutes at least 66⅔% of the outstanding Greyhound Shares (calculated on a fully-diluted basis).

Canadian Federal Income Tax Considerations

A Shareholder resident in Canada who sells Greyhound Shares pursuant to the Offer will be required to report the sale as a taxable transaction for Canadian federal income tax purposes and may thereby realize a capital gain or capital loss. Shareholders who have never been resident in Canada should not, in most circumstances, be subject to Canadian income tax on a disposition of Greyhound Shares resulting from acceptance of the Offer. See "Canadian Federal Income Tax Considerations" in the Offering Circular.

Holders of Options should consult their own tax advisors as to the particular income tax consequences to them of the Offer.

Depositary

Montreal Trust Company of Canada is acting as Depositary under the Offer. The Depositary will receive deposits of certificates representing the Greyhound Shares and Options at the offices specified in the Letter of Transmittal or Assignment, as the case may be. The Depositary will receive Notices of Guaranteed Delivery at its Toronto office as specified in the Notice of Guaranteed Delivery.

Dealer Manager and Soliciting Dealer Group

Nesbitt Burns Inc. has been retained as Dealer Manager for the Offer and to form the Soliciting Dealer Group comprising members of the Investment Dealers Association of Canada and members of Canadian stock exchanges. The Offeror will pay soliciting dealers certain fees, as described in "Other Matters Relating to the Offer — Dealer Manager and Soliciting Dealer Group" in the Offering Circular.

OFFER

September 9, 1997

TO THE HOLDERS OF COMMON SHARES AND OPTIONS OF GREYHOUND CANADA TRANSPORTATION CORP.

1. The Offer

The Offeror hereby offers to purchase, on and subject to the terms and conditions hereinafter specified, all of the issued and outstanding Greyhound Shares (other than the Greyhound Shares currently owned by the Offeror), including Greyhound Shares which may become outstanding on the exercise of Options, on the basis of $5.50 cash for each Greyhound Share. Laidlaw also is offering to acquire all of the outstanding Options, as follows: (i) $0.52 for each Option exercisable at a price of $4.98 per Greyhound Share; (ii) $1.00 for each Option exercisable at a price of $4.50 per Greyhound Share; and (iii) $1.95 for each Option exercisable at a price of $3.55 per Greyhound Share.

The Offer is made only for Greyhound Shares and Options and is not made for any other options or other rights (other than the rights issued under Greyhound's shareholder rights plan) to acquire Greyhound Shares. Any holder of such options or rights who wishes to accept the Offer must exercise the options or rights in order to obtain certificates representing Greyhound Shares and deposit the same under the Offer.

The accompanying Offering Circular, which is incorporated into and forms part of this Offer, contains important information which should be read carefully before making a decision with respect to this Offer.

The Offeror has been advised that, as at September 4, 1997, there were 11,936,285 Greyhound Shares outstanding on a fully-diluted basis.

2. Time for Acceptance

This Offer is open for acceptance until 6:00 p.m. (Calgary time) on Wednesday, October 1, 1997, or until such later time and date or times and dates to which this Offer may be extended, unless withdrawn by the Offeror pursuant to Section 5 of this Offer.

3. Manner of Acceptance

Greyhound Shares — Letter of Transmittal

Shareholders may accept this Offer by delivering to the Depositary at any of the offices listed in the Letter of Transmittal (printed on blue paper) accompanying this Offer so as to arrive there not later than the Expiry Time:

(a) the certificate or certificates representing the Greyhound Shares in respect of which this Offer is being accepted;

(b) a Letter of Transmittal in the form accompanying the Offer, or a facsimile thereof, properly completed and signed as required by the rules and instructions set forth in the Letter of Transmittal; and

(c) any other documents specified in the instructions set forth in the Letter of Transmittal.

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate share transfer power duly and properly completed by the registered holder, with the signature on the endorsement panel or share transfer power guaranteed by an Eligible Institution.

Options — Assignment of Options

Holders of Options may accept this Offer by delivering to the Depositary at its Calgary office so as to arrive there not later than the Expiry Time, an Assignment (printed on pink paper), or a facsimile thereof, properly completed and signed as required by the rules and instructions set forth in the Assignment.

Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Greyhound Shares under the Offer and (a) the certificate(s) representing the Greyhound Shares are not immediately available; or (b) such Shareholder is not able to deliver the certificate(s) and all other required documents to the Depositary at or prior to the Expiry Time, those Greyhound Shares may nevertheless be deposited under the Offer, provided that all of the following conditions are met:

(i) such deposit is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery (printed on green paper) in the form accompanying this Offer, or a facsimile thereof, properly completed and signed, together with a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery, is received by the Depositary at or prior to the Expiry Time at its Toronto office as set forth in the accompanying Notice of Guaranteed Delivery; and

(iii) the certificate(s) representing deposited Greyhound Shares, in proper form for transfer, together with a Letter of Transmittal or a facsimile thereof, properly completed and signed, and all other documents required by the Letter of Transmittal, are received by the Depositary at its Toronto office on or before 4:30 p.m. (Toronto time) on the third trading day on the TSE after the Expiry Time.

General

In all cases, payment for the Greyhound Shares deposited and taken up by the Offeror pursuant to the Offer will be made only after timely receipt by the Depositary of certificates representing the Greyhound Shares, a Letter of Transmittal or facsimile thereof properly completed and signed covering the Greyhound Shares with the signatures guaranteed in accordance with the rules and instructions set forth therein, and any other required documents. Similarly, payment for the Options deposited and taken up by the Offeror pursuant to the Offer will be made only after timely receipt by the Depositary of a properly completed and signed Assignment covering the Options with the signatures guaranteed in accordance with the rules and instructions set forth therein, and any other required documents.

The method of delivery of the certificates representing Greyhound Shares, the Letter of Transmittal, the Notice of Guaranteed Delivery, the Assignment and all other required documents is at the option and risk of the person depositing the same. The Offeror recommends that such documents be delivered by hand to the Depositary and a receipt obtained or, if mailed, that registered mail, properly insured, be used with an acknowledgement of receipt requested.

Shareholders whose Greyhound Shares are registered in the name of a stockbroker, investment dealer, bank, trust company or other nominee should contact such nominee for assistance in depositing those Greyhound Shares.

The execution of a Letter of Transmittal irrevocably appoints Laidlaw, as the true and lawful agent, attorney and attorney-in-fact of the holder of the Greyhound Shares covered by the Letter of Transmittal with respect to the Greyhound Shares registered in the name of the holder on the securities registers maintained by Greyhound and deposited pursuant to the Offer and purchased by the Offeror (the "Purchased Greyhound Shares"), and with respect to any and all dividends, distributions, payments, securities, rights, warrants, assets or other interests which may be declared, paid, accrued, issued, distributed, made or transferred (a "distribution") on or in respect of the Purchased Greyhound Shares on or after September 2, 1997 (the date of the announcement of the Offer), as well as the right to receive any and all distributions, with full power of substitution (such power of attorney being coupled with an interest being irrevocable), to: (a) register or record the transfer of Purchased Greyhound Shares and any distribution consisting of securities on the appropriate registers; (b) execute and deliver, as and when requested by the Offeror, any instruments of proxy, authorization or consent in form and on terms satisfactory to the Offeror in respect of any Purchased Greyhound Shares and any distribution; (c) execute and negotiate any cheques or other instruments representing any distribution payable to the holder; and (d) exercise any rights of a holder of Purchased Greyhound Shares and any distribution with respect to such Purchased Greyhound Shares and such distribution, all as set forth in the Letter of Transmittal.

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of any Greyhound Shares or Options deposited pursuant to the Offer will be determined by the Offeror in its sole discretion, and depositing holders thereof agree that such determination shall be final and binding. The Offeror reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful for it to accept under the laws of any jurisdiction. The Offeror reserves the absolute right to waive any defect or irregularity in the deposit of any Greyhound Shares or Options. There will be no obligation on the Offeror, the Dealer Manager or the Depositary to give notice of any defects or irregularities in any deposit and no liability will be incurred by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Offering Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Assignment will be final and binding.

The acceptance of the Offer pursuant to the procedures set forth above will constitute an agreement between the depositing holder of Greyhound Shares and Options, as the case may be, and the Offeror in accordance with the terms and conditions of the Offer.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set forth above.

4. Conditions of the Offer

The Offeror will have the right to withdraw the Offer, and will not be required to take up or pay for any Greyhound Shares or Options deposited under the Offer, if any of the following conditions has not been satisfied or waived at or prior to the Expiry Time:

(a) prior to the Expiry Time and at the time the Offeror shall first take up and pay for Greyhound Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn that number of Greyhound Shares which constitutes at least 66⅔% of the outstanding Greyhound Shares (calculated on a fully-diluted basis) (the "Minimum Condition");

(b) the Director of Investigation and Research (the "Director") appointed under the *Competition Act* (Canada) shall have issued an advance ruling certificate under Section 102 of the *Competition Act* (Canada) in respect of the acquisition of Greyhound Shares by the Offeror under the Offer, or (ii) the applicable waiting period under Section 123 of the *Competition Act* (Canada) shall have expired without the Director having given notice that he intends to make an application to the Competition Tribunal for an order under Section 92 of the *Competition Act* (Canada) in respect of the Offer or the acquisition of the Greyhound Shares by the Offeror pursuant to the Offer; and, no proceedings shall have been taken or threatened under the merger provisions of Part VIII or under Section 45 of the *Competition Act* (Canada) in respect of the Offer;

(c) all other regulatory approvals, orders, rulings, exemptions and consents (including, without limitation, those of any stock exchanges or securities or other regulatory authorities) which, in the judgment of the Offeror, acting reasonably, are necessary or desirable shall have been obtained on terms and conditions satisfactory to the Offeror, acting reasonably;

(d) no action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or by any private person in Canada or elsewhere, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, whether or not having the force of law;

   (i) which, in the judgement of the Offeror, acting reasonably, has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by, or the sale to, the Offeror, of the Greyhound Shares or the right of the Offeror to own or exercise full rights of ownership of the Greyhound Shares or the ability of the Offeror to complete a compulsory acquisition or any subsequent acquisition transaction, or

(ii) which, in the judgment of the Offeror, acting reasonably, has had or may have a material adverse effect on Greyhound and its subsidiaries considered on a consolidated basis or the Offeror's ability to effect a compulsory acquisition or a subsequent acquisition transaction;

(e) the Offeror shall have determined, acting reasonably, that there shall not exist any prohibition at law against the Offeror making the Offer or taking up and paying for all of the Greyhound Shares under the Offer or completing any compulsory acquisition or subsequent acquisition transaction;

(f) the Offeror shall have determined, acting reasonably, that Greyhound has not taken or proposed to take any action, or publicly disclosed that it intends to take any action, and the Offeror shall not have otherwise learned of any previous action taken by Greyhound which had not been disclosed to the Offeror prior to the making of the Offer, that would be materially adverse to the business of Greyhound or the value of the Greyhound Shares or that would make it inadvisable for the Offeror to proceed with the Offer and/or with taking up and paying for Greyhound Shares under the Offer or completing any compulsory acquisition or subsequent acquisition transaction, including, without limiting the generality of the foregoing, any action with respect to any agreement, proposal, offer or understanding relating to any material sale, disposition or other dealing with any of the assets of Greyhound or any of its subsidiaries other than any such sale, disposition nor other dealing between Greyhound and any wholly-owned subsidiary of Greyhound, any issue of shares, options or other securities of Greyhound to any person other than a wholly-owned subsidiary of Greyhound, or any material acquisition from a third party of assets or securities by Greyhound or any of its subsidiaries, or any material capital expenditure by Greyhound or any of its subsidiaries not in the ordinary course of business;

(g) there shall not have occurred any material change not disclosed to the Offeror prior to the making of the Offer in the business, operations, assets, capitalization, financial condition, licences, permits, rights, liabilities, prospects or privileges, whether contractual or otherwise, of Greyhound or any of its subsidiaries considered as whole which, in the judgement of the Offeror, acting reasonably, is materially adverse to the business of Greyhound or to the value of the Greyhound Shares;

(h) the Offeror shall have determined, acting reasonably, that, other than has been disclosed to the Offeror prior to the making of the Offer: (i) no material right, franchise or licence of Greyhound or any of its subsidiaries has been or may be impaired (which impairment has not been cured or waived) or otherwise adversely affected, whether as a result of the making of the Offer, the taking up and paying for Greyhound Shares deposited under the Offer or otherwise which might make it inadvisable for the Offeror to proceed with the Offer and/or with the taking up and paying for the Greyhound Shares under the Offer and/or completing a compulsory acquisition or a subsequent acquisition transaction, and (ii) no covenant, term or condition or any instruments or agreements of Greyhound or its subsidiaries exists which might make it inadvisable for the Offeror to proceed with the Offer and/or with the taking up and paying for the Greyhound Shares under the Offer and/or completing a compulsory acquisition or a subsequent acquisition transaction (including, without limitation, any default, acceleration or other adverse event that may ensue as a result of the Offeror taking up and paying for the Greyhound Shares under the Offer and/or completing a compulsory acquisition or subsequent acquisition transaction); and

(i) there shall not have occurred any material breach by Greyhound of any of the terms of the Pre-Offer Agreement or any termination of the Pre-Offer Agreement pursuant to the terms of the Pre-Offer Agreement or any provision of the Pre-Offer Agreement shall have been held by a court, securities commission or other regulatory authority of competent jurisdiction to be invalid or unenforceable in accordance with its terms or any of the representations and warranties of Greyhound under the Pre-Offer Agreement are not true and correct in all material respects at the Expiry Time;

provided, however, that the shutdown and termination of the Greyhound Air Marketing Service and the termination of the Air Charter Agreement and all consequences thereof shall not, and shall for all purposes of the Offer be deemed not to, constitute an event giving rise to any breach or non-satisfaction of any of the foregoing conditions.

The foregoing conditions are for the exclusive benefit of the Offeror and may be waived by the Offeror, in whole or in part, in its sole discretion, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. Any determination by the Offeror concerning the events described in this Section 4 will be final and binding upon all parties.

Any waiver of a condition or the withdrawal of the Offer shall be effective upon written notice or other communication confirmed in writing being given by the Offeror to that effect to the Depositary at its stock transfer office in Calgary. The Offeror, forthwith after giving any such notice, will make a public announcement of such waiver or withdrawal, shall cause the Depositary as soon as is practicable thereafter to notify the holders of Greyhound Shares and Options, as the case may be, in the manner set forth in Section 10 — "Notice and Delivery", and will provide a copy of the aforementioned notice to the TSE. If the Offer is withdrawn, the Offeror will not be obligated to take up, accept for payment or pay for any Greyhound Shares or Options deposited under the Offer and the Depositary will promptly return all certificates for deposited Greyhound Shares, Letters of Transmittal, Notices of Guaranteed Delivery, Assignments and related documents to the parties by whom they were deposited.

5. Extension, Variation or Change in the Offer

The Offer is open for acceptance until, but not after, the Expiry Time. The Expiry Time may be extended in the sole discretion of the Offeror (but in any event shall not be extended to a date which is later than November 7, 1997 without the express prior written consent of Greyhound unless, prior to such extension, the Offeror shall have unconditionally and irrevocably taken up and paid for under the Offer 50.1% or more of the outstanding Greyhound Shares) if the conditions set forth in Section 4 of this Offer are not satisfied at the date and time at which the Offer is then set to expire. The Offeror is not required to extend the Offer notwithstanding that the Offeror has waived a condition of the Offer or taken up and paid for Greyhound Shares or Options under the Offer. Pursuant to the Pre-Offer Agreement, the Offeror may not vary the Offer, except to increase the consideration payable thereunder, waive the conditions set forth in Section 4 of this Offer or extend the Expiry Time as set out above. Subject to the foregoing, the Offeror reserves the right, in its sole discretion, at any time and from time to time during the Offer Period, to extend the Expiry Time, or to vary the Offer, by giving written notice or other communication confirmed in writing of such extension or variation to the Depositary at its stock transfer office in Toronto, and by causing the Depositary to provide as soon as practicable thereafter a copy of such notice in the manner set forth in Section 10 — "Notice and Delivery", to all registered holders of Greyhound Shares and Options whose Greyhound Shares or Options, as the case may be, have not been taken up prior to the extension or variation. The Offeror shall, as soon as possible after giving notice of an extension or variation to the Depositary, make a public announcement of the extension or variation in the manner required by applicable law and provide a copy of the notice thereof to the TSE. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its stock transfer office in Toronto.

Notwithstanding the foregoing, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer, except those waived by the Offeror, have been fulfilled or complied with, unless the Offeror first takes up and pays for all Greyhound Shares and Options deposited under the Offer and not withdrawn.

Where the terms of the Offer are varied, the Offer will not expire before 10 days after the notice of such variation has been delivered, unless otherwise permitted by applicable law and subject to abridgement or elimination of that period pursuant to such orders as may be granted by Canadian courts and securities regulatory authorities.

If before the Expiry Time, or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Offering Circular, as amended from time to time, that would reasonably be expected to affect the decision of a holder of Greyhound

Shares or Options to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), the Offeror will give written notice of such change to the Depositary at its stock transfer office in Calgary, and will cause the Depositary to provide as soon as practicable thereafter a copy of such notice in the manner set forth in Section 10 — "Notice and Delivery" to all registered holders of Greyhound Shares and Options that have not been taken up under the Offer at the date of the occurrence of the change. As soon as possible after giving notice of a change in information to the Depositary, the Offeror will make a public announcement of the change in information and provide a copy of the notice thereof to the TSE. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its stock transfer office in Toronto.

During any such extension or in the event of any variation or change in information, all Greyhound Shares and Options previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Offeror in accordance with the terms hereof, subject to Section 7 — "Right to Withdraw Deposited Greyhound Shares". An extension of the Expiry Time, a variation of the Offer or a change in information contained in the Offer or the Offering Circular does not constitute a waiver by the Offeror of its rights under Section 4 — "Conditions of the Offer". If the consideration being offered for the Greyhound Shares and Options, as the case may be, under the Offer is increased, the increased consideration will be paid to all depositing holders of Greyhound Shares and Options whose Greyhound Shares and Options are taken up under the Offer.

6. Payment for Deposited Greyhound Shares and Options

Upon the terms and subject to the conditions of the Offer, the Offeror will take up Greyhound Shares and Options duly and validly tendered to the Offer in accordance with the terms thereof on or as soon after the Termination Date as (a) the Offeror is permitted by law to take up such securities; and (b) the conditions of the Offer (as the same may be amended or waived) have been satisfied or waived. The Offeror will pay for Greyhound Shares and Options taken up under the Offer in accordance with the terms thereof on or prior to the date on which the Offeror is required by law to make such payment.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment Greyhound Shares and Options validly deposited under the Offer and not withdrawn if, as and when the Offeror gives written notice or other communication confirmed in writing to the Depositary to that effect.

The Offeror reserves the right, in its sole discretion, to delay taking up or paying for any Greyhound Shares or Options or to terminate the Offer and not take up or pay for any Greyhound Shares or Options if any condition specified in Section 4 — "Conditions of the Offer" is not satisfied or waived, by giving written notice thereof or other communication confirmed in writing to the Depositary. The Offeror also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Greyhound Shares or Options in order to comply, in whole or in part, with any applicable law. The Offeror will not, however, take up and pay for any Greyhound Shares or Options deposited under the Offer unless it simultaneously takes up and pays for all Greyhound Shares and Options then validly deposited under the Offer.

The Offeror will pay for Greyhound Shares and Options validly deposited under the Offer and not withdrawn by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal to depositing holders thereof. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary on the purchase price of the Greyhound Shares or Options purchased by the Offeror, regardless of any delay in making such payment.

The Depositary will act as the agent of persons who have deposited Greyhound Shares or Options in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Greyhound Shares or Options.

Settlement with each person who has deposited Greyhound Shares or Options under the Offer will be effected by the Depositary by forwarding a cheque, payable in Canadian funds, representing the cash payment for such securities. Unless otherwise directed in the Letter of Transmittal or Assignment, as the case may be, the cheque will be issued in the name of the registered holder of the Greyhound Shares or Options so deposited.

Unless the person who deposits Greyhound Shares or Options instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal or Assignment, as the case may be, the cheque will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal or Assignment, as the case may be. If no address is specified therein, the cheque will be forwarded to the address of the holder as shown on the register maintained by Greyhound. Cheques mailed in accordance with this paragraph will be deemed to have been delivered at the time of mailing.

If any deposited Greyhound Shares or Options are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted for more Greyhound Shares than are deposited, certificates for unpurchased Greyhound Shares and Assignments for unpurchased Options will be returned, at the Offeror's expense, to the depositing person as soon as is practicable following the Expiry Time or withdrawal and early termination of the Offer, as the case may be, by either sending new certificates representing Greyhound Shares not purchased, or returning the deposited certificates or Assignments (and other relevant documents). Certificates (and other relevant documents) will be forwarded by first-class registered mail in the name of and to the address specified by the holder in the Letter of Transmittal or Assignment, as the case may be, or, if such name or address is not so specified, in such name and to such address as shown on the register maintained by Greyhound, as soon as practicable after the Expiry Time or withdrawal and early termination of the Offer, as the case may be.

Persons depositing Greyhound Shares or Options will not be obliged to pay brokerage commissions if they accept the Offer by transmitting their Greyhound Shares or Options directly to the Depositary or if they utilize the services of a member of the Soliciting Dealer Group to accept the Offer. Transfer taxes, if any, on the purchase of Greyhound Shares will be paid by the Offeror.

7. Right to Withdraw Deposited Greyhound Shares and Options

Except as otherwise stated in this Section 7, deposits of Greyhound Shares and Options pursuant to the Offer are irrevocable. Any Greyhound Shares and Options deposited in acceptance of this Offer may be withdrawn by or on behalf of the depositing holder at any time prior to 12:01 a.m. (local time) on October 1, 1997 and, unless theretofore taken up and paid for by the Offeror, at any time after October 24, 1997.

Unless otherwise required or permitted by applicable law, if (a) before the Expiry Time there is a variation in the terms of the Offer (including any extension of the period during which Greyhound Shares and Options may be deposited under the Offer or the modification of a term or condition of the Offer, but excluding, unless otherwise required by applicable law, a variation which consists solely of an increase in the consideration offered under the Offer where the Expiry Time is not extended for a period of greater than 10 days and a variation consisting solely of the waiver of a condition of the Offer); or (b) before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer, a change occurs in the information contained in the Offer or in the Offering Circular, as amended from time to time, that would reasonably be expected to affect the decision of a holder of Greyhound Shares or Options to accept or reject the Offer (other than a change that is not within the control of the Offeror or an affiliate of the Offeror), any Greyhound Shares or Options deposited under the Offer but not yet taken up and paid for by the Offeror may be withdrawn by or on behalf of the depositing holder thereof at any time before the expiration of 10 days from the date of mailing or other communication of the notice or such variation or change, subject to abridgement of that period pursuant to such orders as may be granted by Canadian courts and securities regulatory authorities.

Withdrawal of deposited Greyhound Shares and Options must be effected by notice of withdrawal, which must be made by or on behalf of the holder thereof by whom or on whose behalf such Greyhound Shares or Options were deposited or a Notice of Guaranteed Delivery was delivered and must be actually received by the Depositary at the office at which such Greyhound Shares were deposited or Notice of Guaranteed Delivery or Assignment was delivered. Any such notice of withdrawal must: (a) be made by a method, including facsimile transmission, that provides the Depositary with a written or printed copy; (b) be signed by or on behalf of the person who signed the Letter of Transmittal or Assignment accompanying the Greyhound Shares or Options, as the case may be, to be withdrawn or by or on behalf of the person who signed the Notice of Guaranteed Delivery; (c) specify such person's name, the number of Greyhound Shares or Options to be withdrawn, the name of the registered holder of the Greyhound Shares or Options to be withdrawn and, in the case of

Greyhound Shares, the certificate number shown on each certificate representing the Greyhound Shares to be withdrawn; and (d) be actually received by the Depositary within the time limits indicated above. Any signature in the withdrawal notice must be guaranteed as in the Letter of Transmittal, Notice of Guaranteed Delivery or Assignment, except in the case of Greyhound Shares deposited for the account of an Eligible Institution. None of the Offeror, the Depositary or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or shall incur any liability for failure to give such notification. A withdrawal will take effect upon receipt by the Depositary of the written notice of withdrawal.

If as a result of the non-satisfaction of a condition that has not been waived, the Offeror is delayed in taking up or paying for Greyhound Shares or Options or is unable to take up and pay for Greyhound Shares or Options, then, without prejudice to the Offeror's other rights, Greyhound Shares and Options deposited under the Offer may be retained by the Depositary on behalf of the Offeror and such Greyhound Shares and Options may not be withdrawn except to the extent that depositing holders thereof are entitled to withdrawal rights as set forth in this Section 7 or pursuant to applicable law.

All questions as to the validity (including timely receipt) and form of notices of withdrawal will be determined by the Offeror in its sole discretion, and such determination will be final and binding.

Any Greyhound Shares or Options withdrawn will be deemed not validly deposited for the purposes of the Offer, but may be redeposited subsequently at or prior to the Expiry Time by following the procedures described in Section 3 — "Manner of Acceptance".

In addition to the foregoing rights of withdrawal, holders of Greyhound Shares and Options in certain provinces of Canada are entitled to statutory rights of rescission in certain circumstances. See "Offerees' Statutory Rights" in the Offering Circular.

8. Mail Service Interruption

Notwithstanding the provisions of the Offer, the Offering Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery or the Assignment, cheques and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to cheques and any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary to which the Greyhound Shares or Options, as the case may be, were deposited until such time as the Offeror has determined that delivery by mail will no longer be delayed. Notwithstanding the provisions of Section 6 — "Payment for Deposited Greyhound Shares and Options", cheques and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing holder of Greyhound Shares or Options at the appropriate office of the Depositary. Notice of any determination regarding mail service delay or interruption made by the Offeror will be given in accordance with Section 10 — "Notice and Delivery".

9. Reorganization, Dividends and Distributions

If, on or after the date of the Offer, Greyhound should divide, combine or otherwise change any of the Greyhound Shares or its capitalization, or disclose that it has taken or intends to take any such action, then the Offeror may, in its sole discretion, make such adjustments as it considers appropriate to the purchase price and the other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amounts payable therefor) to reflect such division, combination or other change.

Greyhound Shares and Options acquired pursuant to the Offer shall be transferred by the holder thereof and acquired by the Offeror free and clear of all liens, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including the right to all dividends, distributions, payments, securities, rights, warrants, assets or other interests which may be declared, paid, issued, accrued, distributed, made or transferred on or after September 2, 1997 (the date of the announcement of the Offer) on or in respect of the Greyhound Shares.

If Greyhound should declare or pay any cash dividend or stock dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with respect to any Greyhound Share which is or are payable or distributable to holders of Greyhound Shares on a record date which is prior to the date of transfer into the name of the Offeror or its nominees or transferees on the register of holders thereof maintained by Greyhound following acceptance thereof for purchase pursuant to the Offer, then: (a) in the case of any such cash dividend or cash distribution or payment that does not exceed the purchase price per Greyhound Share, the cash payable per Greyhound Share pursuant to the Offer will be reduced by the amount of any such dividend, distribution or payment; and (b) in the case of any such cash dividend or cash distribution or payment that exceeds the purchase price per Greyhound Share, or in the case of any other dividend, distribution, payment, right or other interest, the whole of any such dividend, distribution, payment, right or other interest, will be received and held by the depositing holder of Greyhound Shares for the account of the Offeror and shall be promptly remitted and transferred by the depositing Shareholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as owner of any such non-cash dividend, distribution, payment, right or other interest and may withhold the entire purchase price payable by the Offeror pursuant to the Offer or deduct from the purchase price payable by the Offeror pursuant to the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

10. Notice and Delivery

Any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given if it is mailed by ordinary mail to the registered holders of Greyhound Shares and Options at their respective addresses appearing in the securities registers maintained by Greyhound and, unless otherwise specified by applicable law, will be deemed to have been received on the first business day following mailing. These provisions apply notwithstanding any accidental omission to give notice to any one or more holders and notwithstanding any interruption of mail services in Canada following mailing.

If mail service is interrupted following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Subject to applicable law, if post offices in Canada are not open for the deposit of mail, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by holders of Greyhound Shares and Options if it is given to the TSE for dissemination through its facilities and if it is published once in the National Edition of *The Globe and Mail*, provided that if the National Edition of *The Globe and Mail* is not being generally circulated, publication in lieu thereof shall be made in *The Financial Post* or any other daily newspaper of general circulation published in the cities of Toronto and Calgary.

The Offer will be mailed to registered holders of Greyhound Shares and Options and will be furnished by the Offeror to stockbrokers, banks and similar persons whose names, or the names of whose nominees, appear in the securities registers maintained by Greyhound or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Greyhound Shares when such listings are received.

Wherever the Offer calls for documents to be delivered to the Depositary, such documents will not be considered delivered unless and until they have been physically received at one of the addresses of the Depositary listed in the Letter of Transmittal, the Notice of Guaranteed Delivery or the Assignment, as applicable. Wherever the Offer calls for documents to be delivered to a particular office of the Depositary, such documents will not be considered delivered unless and until they have been physically received at the particular office at the address listed in the Letter of Transmittal, the Notice of Guaranteed Delivery or the Assignment, as applicable.

11. Market Purchases

The Offeror reserves the right to, and may, acquire Greyhound Shares by making purchases through the facilities of the TSE, subject to applicable law, at any time and from time to time prior to the Expiry Time. In no event will the Offeror make any such purchases of Greyhound Shares through the facilities of the TSE until the third clear trading day following the date of the Offer. The aggregate number of Greyhound Shares acquired by the Offeror through the facilities of the TSE during the Offer Period will not exceed 5% of the Greyhound Shares outstanding on the date of the Offer.

If the Offeror should acquire Greyhound Shares by making purchases through the facilities of the TSE during the Offer Period, the Greyhound Shares so purchased will be counted in any determination as to whether the condition in subsection (a) of Section 4 of the Offer — "Conditions of the Offer" has been fulfilled.

The payment by the Offeror of an amount for a Greyhound Share, other than pursuant to the Offer, that is greater than the amount offered in the Offer shall be deemed to be an amendment of the Offer, in which event the Offeror shall (i) immediately notify holders of Greyhound Shares and Options of the increased consideration being Offered; and (ii) pay the increased consideration to each holder of Greyhound Shares and Options, as the case may be, whether or not such securities have been taken up by the Offeror before such deemed amendment to the Offer.

Although the Offeror has no present intention to sell Greyhound Shares taken up under the Offer, it reserves the right to make or enter into any arrangement, commitment or understanding at or prior to the Expiry Time to sell any of such Greyhound Shares after the Expiry Time.

12. Other Terms of the Offer

No stockbroker, investment dealer or other person has been authorized to give any information or make any representation on behalf of the Offeror or its affiliates other than as contained herein or in the accompanying Offering Circular, and if any such information is given or made it must not be relied upon as having been authorized.

This Offer and the accompanying Offering Circular constitute the take-over bid circular required under Canadian corporate and securities legislation with respect to the Offer.

This Offer and all contracts resulting from the acceptance hereof shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

In any jurisdiction in which this Offer is required to be made by a licensed broker or dealer, this Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the laws of such jurisdiction.

The provisions of the Offering Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Assignment accompanying this Offer, including the instructions contained therein, as applicable, form part of the terms and conditions of this Offer. The Offeror will, in its sole discretion, be entitled to make a final and binding determination of all questions relating to the interpretation of this Offer, the Offering Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Assignment, the validity of any acceptance of this Offer, the validity of any elections and the validity of any withdrawals of Greyhound Shares or Options.

This Offer is not being made to, nor will deposits of Greyhound Shares or Options be accepted from or on behalf of, holders thereof in any jurisdiction in which the making or acceptance hereof would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend this Offer to holders of Greyhound Shares or Options in any such jurisdiction.

Dated: September 9, 1997

LAIDLAW INC.

(Signed) JAMES R. BULLOCK
Chief Executive Officer

OFFERING CIRCULAR

This Offering Circular is furnished in connection with the accompanying Offer dated September 9, 1997 by the Offeror to purchase outstanding Greyhound Shares (including Greyhound Shares which may become outstanding on the exercise of Options) and Options. The terms and provisions of the Offer are incorporated into and form part of this Offering Circular. Holders of Greyhound Shares and Options should refer to the Offer for details of its terms and conditions, including details as to payment and withdrawal rights.

The information concerning Greyhound contained in the Offer and this Offering Circular has been taken from or is based upon publicly available documents and records of Greyhound on file with Canadian securities regulatory authorities and other public sources. Although the Offeror has no knowledge which would indicate that any of the statements contained herein and taken from or based on such information are untrue or incomplete, it does not assume any responsibility for the accuracy or completeness of such information, or for any failure by Greyhound to disclose publicly events or facts which may have occurred or which may affect the significance or accuracy of any such information and which are unknown to the Offeror. Unless otherwise indicated, information concerning Greyhound is given as at March 19, 1997.

LAIDLAW INC.

Laidlaw is the largest emergency healthcare transportation, school busing and municipal transit service company in North America. Laidlaw also provides hazardous waste services from 100 service locations in seven Canadian provinces and 26 American states, primarily through Laidlaw Environmental Services, Inc., of which Laidlaw owns 66% of the equity securities. In its fiscal year ended August 31, 1996, Laidlaw had revenues of U.S. $2,296.0 million and net income of U.S. $161.8 million. Laidlaw's Common Shares are listed on the TSE, the Montreal Exchange and the New York Stock Exchange.

As of the date hereof, Laidlaw owns 649,160 Greyhound Shares, representing approximately 6% of the outstanding Greyhound Shares.

GREYHOUND CANADA TRANSPORTATION CORP.

Greyhound began active business operations on June 1, 1996 upon completion of a statutory arrangement with Greyhound Lines of Canada Ltd. Greyhound's two principal segments of business are: (a) ground transportation services, which include regular scheduled bus passenger travel, courier services and charter bus travel; and (b) the Greyhound Air Marketing Service. On August 31, 1997, Greyhound gave notice to Kelowna Flightcraft Air Charter Ltd. and Kelowna Flightcraft Charter Ltd. of the termination of the Air Charter Agreement effective November 30, 1997 and that Greyhound Air will cease operations effective September 21, 1997. In its first fiscal period (five months) ended October 31, 1996, Greyhound had revenues of $103.4 million and net loss of $1.0 million.

For detailed information concerning Greyhound, reference is made to Greyhound's annual information form dated March 19, 1997, its press releases issued subsequent to March 19, 1997, and other public disclosure of Greyhound on the public file with securities commissions and other similar regulatory authorities in Canada.

Corporate Information

The Greyhound Shares are listed and posted for trading on the TSE. Greyhound is subject to the information reporting requirements of the CBCA, the securities laws of certain of the provinces of Canada and the rules of the TSE. Greyhound is required to file reports and other information with securities regulatory authorities in Canada and the TSE relating to its business, financial statements and other matters. Information as of particular dates concerning Greyhound's directors and officers, their remuneration, stock options and stock appreciation rights granted to them, the principal holders of Greyhound Shares and any material interests of such persons in transactions with Greyhound and other matters is required to be disclosed in proxy statements to be distributed to Shareholders and filed with such securities regulatory authorities and the TSE.

Pursuant to the provisions of the securities laws of various provinces of Canada, the directors of Greyhound must send a circular to all Shareholders in connection with the Offer, which circular, together with other information, must disclose any material changes in the affairs of Greyhound subsequent to the date of the most recent published financial statements of Greyhound.

The registered office and principal place of business of Greyhound is located at 877 Greyhound Way S.W., Calgary, Alberta T3C 3V8.

BACKGROUND TO THE OFFER

During the spring of 1997, Laidlaw began considering a strategic acquisition of Greyhound. On May 30, 1997, James Bullock, Chief Executive Officer of Laidlaw, met with Dick Huisman, President and Chief Executive Officer of Greyhound. At this meeting, Mr. Bullock advised Mr. Huisman that Laidlaw thought Greyhound's ground transportation business represented a good fit with Laidlaw's other bus transportation assets in Canada and suggested that Laidlaw had an interest in investing in Greyhound.

On June 6, 1997, Laidlaw entered into a confidentiality agreement with Greyhound to permit Laidlaw to conduct a review of Greyhound, and in particular its ground transportation business and the viability of the Air Marketing Service.

During June and July, 1997, Laidlaw conducted its due diligence investigations of Greyhound. In late July, 1997, Laidlaw concluded that the only practical course for Laidlaw was to pursue a bid for all of Greyhound on the basis that Greyhound terminate the Greyhound Air Marketing Service.

On August 8, 1997, senior officers of Laidlaw met with representatives of RBC Dominion Securities Inc., financial advisor to Greyhound. At this meeting, Laidlaw advised that it would consider making a bid for Greyhound on the basis of an offer price in the range of $5.50 per Greyhound Share, provided the bid had the support of Greyhound's board of directors and that Greyhound terminate the Greyhound Air Marketing Service.

In late August, 1997, Laidlaw and Greyhound commenced negotiation of the Pre-Offer Agreement. The Pre-Offer Agreement was entered into the evening of Friday, August 29, 1997 and Laidlaw's intention to make the Offer was publicly announced on the morning of September 2, 1997.

On August 31, 1997, Greyhound gave notice to Kelowna Flightcraft Air Charter Ltd. and Kelowna Flightcraft Charter Ltd. of the termination of the Air Charter Agreement effective November 30, 1997 and that Greyhound Air will cease operations effective September 21, 1997. On September 5, 1997, Greyhound advised Montreal Trust Company of Canada, as rights agent of Greyhound's shareholder rights plan, that its board of directors had waived the application of the shareholder rights plan to the Offer.

PURPOSE OF THE OFFER AND PLANS FOR GREYHOUND

The purpose of the Offer is to enable the Offeror to acquire control of Greyhound and to own all the outstanding Greyhound Shares and Options. See also "Acquisition of Greyhound Shares Not Deposited under the Offer".

The Offeror's principal objective in seeking to acquire all of the Greyhound Shares and Options pursuant to the Offer is to acquire the business of Greyhound and consolidate its inter-city and tourism bus operations with the Offeror's existing operations. Laidlaw believes that Greyhound's ground transportation business will complement Laidlaw's existing passenger services business. Laidlaw also believes that the acquisition provides the potential for the combined business to realize significant costs savings in administration and in the purchase of supplies and equipment.

Except as set forth herein, the Offeror has no current plans or proposals that would result in any material change in the affairs of Greyhound, including any contract or agreement under negotiation, any proposal to liquidate Greyhound, to sell, lease or exchange all or a substantial portion of its assets, to amalgamate it with any other business organization or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

AGREEMENT BETWEEN LAIDLAW AND GREYHOUND

Laidlaw and Greyhound entered into the Pre-Offer Agreement effective August 29, 1997 pursuant to which Laidlaw agreed to make the Offer and Greyhound agreed to take certain actions to facilitate the Offer, including, among other things:

(a) not to solicit or initiate any inquiries or proposals regarding any merger, amalgamation, arrangement, take-over bid, sale of substantial assets, sale of treasury shares or any similar transaction involving Greyhound and any third party (a "Third Party Acquisition Proposal"), subject to Greyhound's ability as provided in the Pre-Offer Agreement to respond to unsolicited Third Party Acquisition Proposals;

(b) to cooperate fully with Laidlaw with respect to the Offer;

(c) to recommend that Shareholders accept the Offer; and

(d) to waive the application of Greyhound's shareholder rights plan to the Offer and to give notice thereof to Montreal Trust Company of Canada, the rights agent thereunder, on or before the date of the Offer.

Greyhound also agreed that, if at any time prior to the earlier of the termination of the Pre-Offer Agreement in accordance with its terms and the Expiry Time, (i) the board of directors of Greyhound has withdrawn or, in any manner adverse to the Offeror, redefined, modified or changed its recommendation that Shareholders accept the Offer, determination that the Offer is fair to Shareholders and is in the best interests of Greyhound and the Shareholders, or its decision to waive the application of Greyhound's shareholder rights plan to the Offer, or shall have resolved to do so (provided such withdrawal, redefinition, modification or change is not due to a material misrepresentation made by the Offeror); (ii) the board of directors of Greyhound shall have recommended that Shareholders deposit their Greyhound Shares under, vote in favour of, or otherwise accept, a Third Party Acquisition Proposal; (iii) Greyhound shall have entered into an agreement with any person with respect to a Third Party Acquisition Proposal; or (iv) a Third Party Acquisition Proposal is publicly announced, proposed, offered or made to the Shareholders or to Greyhound and upon the expiry of the Offer the Minimum Condition of the Offer has not been satisfied, then, provided the Third Party Acquisition Proposal is subsequently completed, Greyhound shall pay a compensation fee (the "Compensation Fee") of $2 million to Laidlaw.

The Pre-Offer Agreement may be terminated by the Offeror if the conditions set forth under Section 4 — "Conditions of the Offer" in the accompanying Offer have not been satisfied or waived on or before the Expiry Time. The Pre-Offer Agreement may be terminated by either the Offeror or Greyhound, if (i) the Offeror has not taken up and paid for the Greyhound Shares deposited under the Offer on or before November 8, 1997; (ii) the board of directors of Greyhound shall have withdrawn, modified or changed its recommendation that Shareholders accept the Offer; or (iii) the Compensation Fee shall have been paid by Greyhound to the Offeror in accordance with its terms.

See also "Arrangements, Agreements or Understandings" below and Section 5 — "Extension, Variation or Change in the Offer" of the Offer.

SOURCE OF FUNDS

Laidlaw estimates that if it acquires the maximum number of the Greyhound Shares and Options subject to the Offer, the total amount of cash required for the purchase of such Greyhound Shares and Options and to pay related fees and expenses would be approximately $59 million. Laidlaw has sufficient undrawn and available credit under its U.S. $1.4 billion unsecured syndicated credit facility to satisfy such requirements. Funds are available under that facility for general corporate purposes, including the transactions contemplated by the Offer. Laidlaw is in compliance with all of its covenants under that facility and is otherwise able to satisfy all conditions precedent to draw down the requisite funds.

OWNERSHIP OF AND TRADING IN SECURITIES OF GREYHOUND

As at the date hereof, Laidlaw owns 649,160 Greyhound Shares, representing approximately 6% of the outstanding Greyhound Shares. To the knowledge of the directors and senior officers of the Offeror, after reasonable enquiry, no securities of Greyhound are owned nor is control or direction exercised over any securities of Greyhound by any associate or affiliate of the Offeror or by any director or senior officer of the Offeror or any associate of them or by any person or company who beneficially owns, directly or indirectly, more than 10% of any class of Laidlaw's equity securities. There is no person or company acting jointly or in concert with the Offeror in connection with the transactions described in the Offer and this Offering Circular.

Except as described below, no securities of Greyhound have been traded during the six-month period preceding the date of the Offer by the Offeror or by directors or senior officers of the Offeror or, to the knowledge of directors and senior officers of the Offeror, after reasonable enquiry, by associates or affiliates of the Offeror or by associates of the directors or senior officers of the Offeror or by any person or company who beneficially owns, directly or indirectly, more than 10% of any class of Laidlaw's equity securities.

The only trades in Greyhound Shares made by Laidlaw during the six-month period preceding the Offer are as follows:

	Number of Greyhound Shares Acquired	Average Price/ Greyhound Share
April 24	521,660	$3.000
28	26,700	$2.778
29	26,000	$2.783
30	2,900	$2.850
May 1	9,600	$2.920
2	1,800	$3.000
6	6,000	$3.150
7	6,400	$3.048
8	2,000	$3.000
9	1,700	$3.200
12	2,700	$3.193
13	4,900	$3.182
14	12,400	$3.490
21	5,900	$2.950
23	6,400	$3.266
26	8,200	$3.049
28	3,900	$3.113

COMMITMENTS TO ACQUIRE SECURITIES OF GREYHOUND

To the knowledge of the directors and senior officers of the Offeror, after reasonable enquiry, no securities of Greyhound are covered by any commitments to acquire any equity securities of Greyhound made by the Offeror, its associates or affiliates, or directors or senior officers of the Offeror or their respective associates or by any person or company who beneficially owns, directly or indirectly, more than 10% of any class of Laidlaw's equity securities.

ARRANGEMENTS, AGREEMENTS OR UNDERSTANDINGS

Except as described below, there are no arrangements or agreements made or proposed to be made between the Offeror and any of the directors or senior officers of Greyhound and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or senior officers remaining in or retiring from office. There are no contracts, arrangements or understandings, formal or informal, between the Offeror and any security holder of Greyhound with respect to the Offer or between the Offeror and any person or company with respect to any securities of Greyhound in relation to the Offer.

Pursuant to the Pre-Offer Agreement, Laidlaw has agreed that each of the employees of Greyhound shall be offered either (i) employment with Laidlaw or continued employment with Greyhound, in either case at the same level of compensation and responsibility as such individual presently holds in Greyhound; or (ii) a severance package in accordance with industry standards; provided, however, that those employees with whom Greyhound has an employment contract or severance undertaking and those employees who are entitled to benefits under Greyhound's supplementary pension plan shall be entitled to, and Laidlaw shall cause Greyhound to provide, such severance and other benefits as they are entitled to under such employment contracts or severance undertakings and supplementary pension plans.

Laidlaw also has agreed, pursuant to the Pre-Offer Agreement, either to (i) secure directors' and officers' liability insurance coverage for Greyhound's current and former directors and officers on a seven year "trailing" or "run off" basis from and after the date the Offeror first takes up and pays for any Greyhound Shares pursuant to the Offer (the "Effective Time"); or (ii) if a trailing or run off policy is not available, then, for the entire period from the Effective Time until seven years after the Effective Time, to cause Greyhound or any successor to Greyhound to maintain in full force and effect Greyhound's current directors' and officers' insurance policy or an equivalent policy; subject in either case to terms and conditions no less advantageous to the directors and officers of Greyhound than those contained in the policy in effect as at the date of the Pre-Offer Agreement for all present and former directors and officers of Greyhound, and covering claims made prior to or within seven years after the Effective Time.

MATERIAL CHANGES AND OTHER INFORMATION CONCERNING GREYHOUND

The Offeror has no information which indicates any material change in the affairs of Greyhound since the date of the last published financial statements of Greyhound other than as has been publicly disclosed by Greyhound or as disclosed in the Offer and this Offering Circular. The Offeror has no knowledge of any other matter that has not previously been generally disclosed but which would reasonably be expected to affect the decision of holders of Greyhound Shares or Options to accept or reject the Offer.

INFORMATION CONCERNING SECURITIES OF GREYHOUND

Authorized and Outstanding Capital

The authorized capital of Greyhound consists of an unlimited number of Greyhound Shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares, each of the preferred share classes being issuable in series, of which 11,161,641 Greyhound Shares and no other shares of any class or series were issued and outstanding as at September 4, 1997 as shown in a shareholders' list prepared by Greyhound's registrar and transfer agent.

Greyhound also maintains a stock option plan for the directors and employees of Greyhound and its subsidiaries. As at August 29, 1997, there were options to purchase 774,644 Greyhound Shares issued pursuant to the stock option plan according to the representations and warranties given by Greyhound under the Pre-Offer Agreement.

Acceptance of Bid

As disclosed in Greyhound's directors' circular dated September 9, 1997, all of the directors and senior officers of Greyhound, and, to the knowledge of such directors and senior officers, after reasonable enquiry, their associates intend to tender all of their Greyhound Shares and Options to the Offeror pursuant to the Offer.

Prior Distributions of Greyhound Shares

Based on publicly available information, the Offeror believes that there has been no distributions of Greyhound Shares effected since June 1, 1996, the date of the formation of Greyhound as currently constituted, other than any distribution of Greyhound Shares pursuant to Greyhound's stock option plan and the distribution of 2,750,000 Greyhound Shares under a placement of special warrants effected on August 21, 1996 at a price of $5.50 per Greyhound Share.

Dividend Record for Greyhound Shares

No dividend was declared or paid by Greyhound during fiscal 1996. A dividend of $0.06 per Greyhound Share payable to holders of record on January 6, 1997, was paid by Greyhound on January 15, 1997. To the best of the knowledge of the directors and senior officers of the Offeror, Greyhound has never declared or paid any other dividends on the Greyhound Shares.

Price Range and Trading Summary of Greyhound Shares

The Greyhound Shares are listed and posted for trading on the TSE. The volume of trading and price ranges of the Greyhound Shares on the TSE are set forth in the following table for the periods indicated:

	High	Low	Volume
1996			
September	$5.65	$4.76	370,870
October	$5.25	$4.18	203,220
November	$4.35	$3.25	1,233,070
December	$4.39	$3.50	189,390
1997			
January	$3.90	$3.55	142,300
February	$4.10	$3.50	123,600
March	$3.80	$2.86	200,490
April	$3.20	$2.55	751,570
May	$3.50	$2.85	190,340
June	$3.90	$3.10	163,840
July	$3.50	$3.00	143,070
August	$3.70	$3.09	1,072,440
September (1 to 8)	$5.50	$5.45	1,474,550

The closing price of a Greyhound Share on the TSE on August 29, 1997, the last day on which the Greyhound Shares traded prior to the announcement of the Offer, was $3.60. On September 8, 1997, the closing price of a Greyhound Share on the TSE was $5.45.

Effect of the Offer on the Market for Greyhound Shares

The purchase of Greyhound Shares by the Offeror pursuant to the Offer will reduce the number of Greyhound Shares that might otherwise trade publicly as well as the number of holders of Greyhound Shares, and, depending on the number of holders depositing and the number of Greyhound Shares purchased under the Offer, could adversely affect the liquidity and market value of the remaining Greyhound Shares held by the public.

The rules and regulations of the TSE establish certain criteria which, if not met, could lead to the delisting of the Greyhound Shares from such exchange. Among such criteria are the number of holders, the number of Greyhound Shares publicly held and the aggregate market value of the Greyhound Shares publicly held. Depending upon the number of Greyhound Shares purchased pursuant to the Offer, it is possible that the Greyhound Shares would fail to meet these criteria for continued listing on such exchange. If this were to happen, the Greyhound Shares could be delisted and this could in turn adversely affect the market for Greyhound Shares or result in a lack of an established market for the Greyhound Shares. Published guidelines of the TSE indicate that such exchange would consider delisting a class of securities listed thereon if there were fewer than 100,000 of such securities publicly held (exclusive of holdings of officers, directors, controlling groups or pooled, escrowed or nontransferable securities), if there were fewer than 100 public security holders each holding a board lot or more, or if the market value of such publicly held securities is less than $175,000. If permitted by applicable law, subsequent to completion of the Offer or a Compulsory Acquisition or Subsequent Acquisition Transaction, if necessary, the Offeror intends to apply to delist the Greyhound Shares from the TSE. If the Greyhound Shares are delisted from the TSE, it is possible that Greyhound Shares would be traded in the over-the-counter market and price quotations for Greyhound Shares would be reported through the over-the-counter automated trading system. The extent of the public market for Greyhound Shares and the availability of such quotations would depend upon the number of holders of Greyhound Shares remaining at such time, the interest in maintaining a market in Greyhound Shares on the part of securities firms, whether the Offeror remains subject to public reporting requirements and other factors.

ACQUISITION OF GREYHOUND SHARES NOT DEPOSITED UNDER THE OFFER

Compulsory Acquisition

If, within 120 days after the day of the Offer, the Offer has been accepted by the holders of not less than 90% of the Greyhound Shares, other than Greyhound Shares held at the date of the Offer by or on behalf of the Offeror or an affiliate or associate (as defined in the CBCA) of the Offeror, and the Offeror acquires such deposited Greyhound Shares then pursuant to the provisions of Section 206 of the CBCA, the Offeror may acquire the Greyhound Shares held by each Shareholder who did not accept the Offer (a "Dissenting Offeree") (which definition includes any person who subsequently acquires any of such Greyhound Shares), on the same terms (including the Offer price) as the Greyhound Shares acquired under the Offer (a "Compulsory Acquisition").

To exercise this statutory right, the Offeror must give notice (the "Offeror's Notice") to the Dissenting Offerees and to the Director under the CBCA of such proposed acquisition within 60 days after the Expiry Time and in any event within 180 days after the day of the Offer. Within 20 days after giving the Offeror's Notice, the Offeror must pay or transfer to Greyhound the consideration the Offeror would have had to pay or transfer to the Dissenting Offerees if they had elected to accept the Offer, to be held in trust for the Dissenting Offerees. Within 20 days after receipt of the Offeror's Notice, each Dissenting Offeree must send the certificates evidencing the Greyhound Shares held by such Dissenting Offeree to Greyhound and may elect either to transfer those Greyhound Shares to the Offeror on the terms on which the Offeror acquired Greyhound Shares under the Offer or to demand payment of the fair value of those Greyhound Shares by so notifying the Offeror. If a Dissenting Offeree has elected to demand payment of the fair value of such securities, the Offeror may apply to a court having jurisdiction to hear an application to fix the fair value of such securities of that Dissenting Offeree. If the Offeror fails to apply to such court within 20 days after it made the payment or transferred the consideration to Greyhound referred to above, the Dissenting Offeree may then apply to the court within a further period of 20 days to have the court fix the fair value. If no such application is made by the Dissenting Offeree within such period, the dissenting Offeree will be deemed to have elected to transfer such securities to the Offeror on the terms of the Offer. Any judicial determination of the fair value of the securities could be more or less than the amount paid pursuant to the Offer.

The foregoing is only a summary of the right of compulsory acquisition which may become available to the Offeror. The summary is not intended to be complete and is qualified in its entirety by the provisions of Section 206 of the CBCA. Shareholders should refer to Section 206 of the CBCA for the full text of the relevant statutory provisions, and those who wish to be better informed about these provisions should consult their legal advisors. The sections in Section 206 of the CBCA are complex and may require strict adherence to notice and timing provisions, failing which such rights may be lost or altered.

Subsequent Acquisition Transactions

If the foregoing statutory right of acquisition is not available or the Offeror elects not to pursue such right, the Offeror intends to consider other means of acquiring, directly or indirectly, all of the Greyhound Shares in accordance with applicable law, including a Subsequent Acquisition Transaction. In order to effect a Subsequent Acquisition Transaction, the Offeror may seek to cause a special meeting of the Shareholders to be called to consider an amalgamation, statutory arrangement, capital reorganization or other transaction involving the Offeror and/or an affiliate of the Offeror and Greyhound and/or the Shareholders for the purposes of Greyhound becoming, directly or indirectly, a wholly-owned subsidiary of the Offeror or effecting an amalgamation or merger of Greyhound's business and assets with or into the Offeror and/or an affiliate of the Offeror (referred to as a "Subsequent Acquisition Transaction"). Depending upon the nature of and terms of the Subsequent Acquisition Transaction, the approval of at least 66⅔% of the votes cast by holders of the outstanding Greyhound Shares may be required at a meeting duly called and held for the purpose of approving the Subsequent Acquisition Transaction. The Offeror would cause Greyhound Shares acquired under the Offer to be voted in favour of such a transaction and, to the extent permitted by applicable law, to be counted as part of any minority or independent Shareholder approval that may be required in connection with such a transaction. If the Minimum Condition is satisfied and the Offeror takes up and pays for the Greyhound Shares deposited under the Offer, the Offeror should own sufficient Greyhound Shares to effect such Subsequent Acquisition Transaction.

The tax consequences to a Shareholder of a Subsequent Acquisition Transaction may differ from the tax consequences to such Shareholder of accepting the Offer. See "Canadian Federal Income Tax Considerations".

The methods of acquiring the remaining outstanding Greyhound Shares described above, other than a Compulsory Acquisition, would be a "going private transaction" within the meaning of certain applicable Canadian securities legislation and the regulations to the *Securities Act* (Ontario) (the "Regulations"), Policy 9.1 and Policy Q-27, with respect to holders of a class of participating securities, if such method would result in the interest of a holder of Greyhound Shares (the "affected securities") being terminated without the consent of the holder and without the substitution therefor of an interest of equivalent value in a participating security of Greyhound, a successor to the business of Greyhound or another issuer who controls Greyhound or, in the case of Policy 9.1 and Policy Q-27, an issuer who controls a successor to the business of Greyhound. In certain circumstance, the provisions of Policy 9.1 and Policy Q-27 may also deem certain types of Subsequent Acquisition Transactions to be "related party transactions."

The Regulations, Policy 9.1 and Policy Q-27 provide that unless exempted, a corporation proposing to carry out a going private transaction (or a related party transaction in the case of Policy 9.1 and Policy Q-27) is required to prepare a valuation of the affected securities (and any non-cash consideration being offered therefor) and provide to the holders of the affected securities a summary of such valuation. In connection therewith, the Offeror intends to rely on any exemption then available or to seek waivers pursuant to Policy 9.1 and Policy Q-27 from the OSC and CVMQ exempting the Offeror or Greyhound, as appropriate, from the requirement to prepare a valuation in connection with the Subsequent Acquisition Transaction.

Policy 9.1 and Policy Q-27 would also generally require that in addition to any other required securityholder approval, in order to complete a going private transaction or a related party transaction, the approval of a simple or of a two-thirds majority (depending on the nature of the transaction and the value of the consideration offered) of the votes cast by "minority" holders of the affected securities to be obtained. The necessary level of securityholder approval required with respect to a going private transaction is a simple majority of "minority" vote unless: (i) the consideration to be paid is payable wholly or partly other than in cash or in the right to receive cash within 35 days of the approval of the going private transaction; or (ii) if a formal valuation is required and the consideration is payable entirely in cash and is less in amount than the per security value or the simple average of the high and low ends of the range of per security values arrived at by the formal valuation, in which cases a two-thirds majority of the "minority" vote is required. In the case of a related party transaction, a simple majority of the "minority" vote is required unless, in the case of a related party transaction where a formal valuation is required, the value of the consideration to be paid is less than the value or the simple average of the high and low ends of the range or values arrived at by the formal valuation, in which case a two-thirds majority of the "minority" vote is required. In relation to the Offer and any subsequent going private or related party transaction, the "minority" holders will be, unless an exemption is available or discretionary relief is granted by the OSC and CVMQ, as required, all holders of Greyhound Shares, other than the Offeror, any "interested party", any person or company who is a "related party" of the Offeror for the purposes of Policy 9.1 and Policy Q-27, including any directors, officers or other insiders of the Offeror, any person or company who is a "related party" of an "interested party" of the Offeror for the purposes of Policy 9.1 and Policy Q-27, or any person or company acting jointly or in concert with the foregoing or any affiliate of the foregoing. However, Policy 9.1 and Policy Q-27 also provide that the Offeror may treat Greyhound Shares acquired pursuant to the Offer as "minority" shares and to vote them, or to consider them voted, in favour of such going private or related party transaction if the consideration per security in the going private or related party transaction is at least equal in value to the consideration paid under the Offer. The Offeror currently intends that the consideration offered under any subsequent acquisition transaction proposed by it would be identical to the consideration offered under the Offer. Under Policy 9.1 and Policy Q-27, if following the Offer the Offeror and its affiliates are the registered holders of 90% or more of the Greyhound Shares at the time the going private or related party transaction is initiated, the requirement for minority approval would not apply to the transaction if a statutory dissent and appraisal remedy is available to the minority Shareholders or if a substantially equivalent enforceable right is made available to the minority Shareholders.

If a Subsequent Acquisition Transaction were to be consummated, holders of the Greyhound Shares may have the right under the CBCA to dissent and demand payment of the fair value of such Greyhound Shares. If the statutory procedures are complied with, this right could lead to a judicial determination of the fair value required to be paid to such dissenting holders for their Greyhound Shares. The fair value of Greyhound Shares so determined could be more or less than the amount paid per Greyhound Shares pursuant to the Subsequent Acquisition Transaction or the Offer. Any such judicial determination of the fair value of the Greyhound Shares could be based upon consideration other than, or in addition to, the market price of the Greyhound Shares.

If the Offeror decides not to effect a Compulsory Acquisition or propose a Subsequent Acquisition Transaction involving Greyhound, or proposes a Subsequent Acquisition Transaction but cannot promptly obtain any required approval, the Offeror will evaluate its other alternatives. Such alternatives could include, to the extent permitted by applicable law, purchasing additional Greyhound Shares in the open market, in privately negotiated transactions, in another take-over bid or an exchange offer or otherwise, or taking no further action to acquire additional Greyhound Shares. Any additional purchase of Greyhound Shares could be at price greater than, equal to or less than the price to be paid for Greyhound Shares under the Offer and could be for cash and/or securities issued by the Offeror or other consideration. Alternatively, the Offeror may sell or otherwise dispose of any or all Greyhound Shares acquired pursuant to the Offer or otherwise. Such transactions may be effected on terms and at price then determined by the Offeror, which may vary from the terms and the price paid for Greyhound Shares under the Offer.

In September, 1994, the Director appointed under the CBCA released a policy on "going private transactions" stating, among other things, that the Director is of the opinion that going private transactions are permitted under the CBCA provided that the transaction is not oppressive or unfairly prejudicial to or unfairly disregards the interest of a person whose interest in a participating security is being terminated without his or her consent. In determining whether a going private transaction is fair, the policy states that compliance with the requirements set forth in Policy 9.1 and Policy Q-27 will usually be viewed by the Director as sufficient.

Certain judicial decisions may be considered relevant to any going private transaction or related party transaction which may be proposed or effected subsequent to the expiry of the Offer. Prior to the adoption of Policy 9.1 and Policy Q-27, Canadian courts, in a few instances, granted preliminary injunctions to prohibit transactions involving a going private amalgamation. The current trend both in legislation and in the Canadian jurisprudence is toward permitting going private transactions to proceed, subject to compliance with procedures designed to ensure substantive fairness to the minority shareholders.

Shareholders should consult their legal advisors for a determination of their legal rights with respect to any transaction which may constitute a going private transaction or a related party transaction.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodman Phillips & Vineberg, (Toronto), counsel to the Offeror, the following is a summary of the principal income tax considerations under the Tax Act generally applicable to a Shareholder who sells Greyhound Shares pursuant to the Offer or otherwise disposes of Greyhound Shares pursuant to certain transactions described under the heading *"Compulsory Acquisition of Shares"* and *"Subsequent Acquisition Transaction"* below. The summary is based on the current provisions of the Tax Act, the regulations thereunder, and counsel's understanding of the current administrative practices of Revenue Canada, Customs, Excise and Taxation ("Revenue Canada"). The summary takes into account all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments"), although there is no certainty that the Proposed Amendments will be enacted in the form proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in administrative practices of Revenue Canada, nor does it take into account provincial, territorial or foreign income tax legislation or considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

The summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular holder of Greyhound Shares for which the Offer is made. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary does not address the income tax consideration under the Tax Act applicable to holders of Options. Optionholders should consult their own tax advisors with respect to their particular circumstances.

Residents of Canada

The following summary is generally applicable to a Shareholder who, for the purposes of the Tax Act, is, or is deemed to be, resident in Canada, deals at arm's length with Greyhound and the Offeror, is not affiliated for the purposes of the Tax Act with Greyhound or the Offeror, is not a financial institution (to which the mark-to-market rules contained in the Tax Act may be applicable) and holds Greyhound Shares as capital property. Greyhound Shares will generally be considered capital property to a Shareholder unless the Shareholder holds such Greyhound Shares in the course of carrying on a business, or the Shareholder has acquired them in a transaction or transactions considered to be an adventure in the nature of trade. Certain Shareholders whose Greyhound Shares might not otherwise qualify as capital property may, in certain circumstances, treat Greyhound Shares as capital property by making the election permitted by Subsection 39(4) of the Tax Act.

Sale Pursuant to the Offer

A Shareholder who disposes of Greyhound Shares to the Offeror for cash of $5.50 per Greyhound Share pursuant to the Offer will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Greyhound Shares to the Shareholder.

A Shareholder will be required to include three-quarters of the amount of any resulting capital gain (a "taxable capital gain") in income, and will be required to deduct three-quarters of the amount of any resulting capital loss (an "allowable capital loss") against taxable capital gains realized in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act. Capital gains realized by an individual may be subject to alternative minimum tax.

In general, a capital loss otherwise arising upon the disposition of a Greyhound Share by a corporation may be reduced by dividends previously received or deemed to have been received thereon to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where the corporation is a member of a partnership or a beneficiary of a trust that owns Greyhound Shares. Under the Proposed Amendments, similar rules may apply where a partnership or a trust is a member of a partnership or a beneficiary of a trust that owns Greyhound Shares.

Compulsory Acquisition of Shares

As described under the heading "Acquisition of Greyhound Shares Not Deposited under the Offer", the Offeror may, in certain circumstances, acquire Greyhound Shares pursuant to Section 206 of the CBCA. Subject to the possible application of the replacement property rules contained in the Tax Act, the tax consequences to a Shareholder of a disposition of Greyhound Shares in such circumstances generally will be as described above under "Sale Pursuant to the Offer", but Shareholders whose Greyhound Shares may be so acquired should consult their own tax advisors in this regard.

Subsequent Acquisition Transaction

If the compulsory acquisition provisions of Section 206 of the CBCA are not used, the Offeror may propose other means of acquiring the remaining issued and outstanding Greyhound Shares. The tax treatment of a Subsequent Acquisition Transaction to a Shareholder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out. Shareholders should consult their own tax advisors for advice with respect to the income tax consequences to them of having their Greyhound Shares acquired pursuant to a Subsequent Acquisition Transaction.

A Subsequent Acquisition Transaction could be implemented by means of an amalgamation of Greyhound with the Offeror or one of its affiliates pursuant to which Shareholders who have not tendered their Greyhound Shares under the Offer would have their Greyhound Shares exchanged on the amalgamation for redeemable preference shares of the amalgamated corporation ("Redeemable Shares") which would then be immediately redeemed for cash. Such a holder would not realize a capital gain or capital loss as a result of such exchange, and the cost of the Redeemable Shares received would be the aggregate of the adjusted cost base of the Greyhound Shares to the holder immediately before the amalgamation.

Upon the redemption of Redeemable Shares, the holder thereof would be deemed to have received a dividend (subject to the potential application of Subsection 55(2) of the Tax Act to holders of such shares that are corporations as discussed below) equal to the amount by which the redemption price of the Redeemable Shares exceeds their paid-up capital for the purposes of the Tax Act. The difference between the redemption price and the amount of the deemed dividend would be treated as proceeds of disposition of such shares for the purposes of computing any capital gain or capital loss arising on the disposition of such shares. A capital loss arising upon the redemption of a Redeemable Share may be reduced by dividends previously received or deemed to have been received thereon as described above under "Sale Pursuant to the Offer".

Subsection 55(2) of the Tax Act provides that where a corporate Shareholder is deemed to receive a dividend under the circumstances described above, all or part of the deemed dividend may be treated as proceeds of disposition of the Redeemable Shares for the purpose of computing the holder's capital gain on the disposition of such shares. Accordingly, corporate Shareholders should consult their tax advisors for specific advice with respect to the potential application of this provision. Subject to the potential application of this provision, dividends deemed to be received by a corporation as a result of the redemption of the Redeemable Shares will be included in computing its income, but normally will also be deductible in computing its taxable income unless the corporation is a "specified financial institution" (as defined in the Tax Act). Dividends deemed to be received on the Redeemable Shares by a specified financial institution may not be deductible in computing its taxable income if the term preferred share rules in the Tax Act are applicable. Corporations which may be affected by such rules should consult their own tax advisers.

A Shareholder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay the 33⅓% refundable tax under Part IV of the Tax Act on dividends deemed to be received on the Redeemable Shares to the extent that such dividends are deductible in computing the corporation's taxable income.

In the case of a Shareholder who is an individual, dividends deemed to be received as a result of the redemption of the Redeemable Shares will be included in computing the Shareholder's income, and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by a taxable Canadian corporation.

Under the current administrative practice of Revenue Canada, Shareholders who exercise their statutory right of dissent in respect of an amalgamation should be considered to have disposed of their Greyhound Shares for proceeds of disposition equal to the amount paid by the amalgamated corporation to the dissenting Shareholder therefor, other than interest awarded by the court. Because of uncertainties under the relevant legislation as to whether such amounts paid to a dissenting Shareholder will be treated entirely as proceeds of disposition, or in part as the payment of a deemed dividend, dissenting Shareholders should consult with their own tax advisors in this regard.

Non-Residents of Canada

The following summary is generally applicable to a Shareholder who, for the purposes of the Tax Act, is not resident, nor deemed to be resident, in Canada, deals at arm's length with Greyhound and the Offeror, is not affiliated for the purposes of the Tax Act with Greyhound or the Offeror, is not a financial institution (to which the mark-to-market rules contained in the Tax Act may be applicable), holds Greyhound Shares as capital property and does not use or hold, and is not deemed to use or hold, Greyhound Shares in connection with carrying on a business in Canada.

A non-resident Shareholder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Greyhound Shares to the Offeror under the Offer or by virtue of the Compulsory Acquisition of Greyhound Shares pursuant to Section 206 of the CBCA, unless those shares constitute "taxable Canadian property" to the Shareholder. A non-resident Shareholder's capital gain (or capital loss) in respect of Greyhound Shares that constitute taxable Canadian property will be equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Greyhound Shares to the non-resident Shareholder. The non-resident Shareholder will be required to include three-quarters of any resulting capital gain (a "taxable capital gain") in income, and will be required to deduct three-quarters of the amount of any resulting capital loss (an "allowable capital loss") against taxable capital gains realized in the year of disposition from the disposition of taxable Canadian property.

A Greyhound Share will be taxable Canadian property to a non-resident if, at any time during the five-year period immediately preceding the disposition, the non-resident, either alone or together with persons with whom the non-resident did not deal at arm's length, owned 25% or more of the shares of any class or series of Greyhound. For this purpose, a holder of an option to acquire Greyhound Shares will be considered to own any shares to which such option relates. The Greyhound Shares may also be taxable Canadian property where the Shareholder elected to have them treated as taxable Canadian property upon ceasing to be a resident of Canada. Even if the Greyhound Shares are taxable Canadian property to a non-resident, any capital gain realized upon the disposition may be exempt from tax under the Tax Act pursuant to the provisions of an applicable international tax treaty to which Canada is a party.

If the Offeror does not acquire all the Greyhound Shares pursuant to the Offer or by means of Compulsory Acquisition pursuant to Section 206 of the CBCA, it may propose other means to acquire the remaining Greyhound Shares. The tax treatment of such a transaction to a non-resident Shareholder will depend on the exact manner in which the transaction is carried out and may be substantially the same as or materially different than described above. A non-resident Shareholder may realize a capital gain or a capital loss and/or a deemed dividend. Dividends paid or deemed to be paid to a non-resident will be subject to Canadian withholding tax at a rate of 25%. Such rate may be reduced under the provisions of an applicable international tax treaty to which Canada is a party. Non-resident Shareholders should consult their own tax advisors for advice with respect to the potential income tax consequences to them of having their Greyhound Shares acquired pursuant to such a transaction.

OTHER MATTERS RELATING TO THE OFFER

Regulatory Matters

Competition Act (Canada)

The acquisition of Greyhound Shares pursuant to the Offer is a transaction that will require notification to the Director of Investigation and Research (the "Director") appointed under the *Competition Act* (Canada), and the expiration or earlier termination by the Director of the applicable waiting period, before the transaction can be completed. Laidlaw will file a prescribed short form notification respecting the acquisition of Greyhound Shares in the very near future. The waiting period in respect of the notification will expire seven days following the date of that filing, unless a long form notification is required by the Director. If such long form notification is required, the waiting period will expire 21 days following filing of such long form notification.

The obligation of Laidlaw to take up and pay for Greyhound Shares and Options under the Offer is conditional upon the Director having issued an advance ruling certificate under Section 102 of the *Competition Act* (Canada) in respect of the acquisition of Greyhound Shares by the Offeror under the Offer, or (ii) the applicable waiting period under Section 123 of the *Competition Act* (Canada) having expired without the Director having given notice that he intends to make an application to the Competition Tribunal for an order under Section 92 of the *Competition Act* (Canada) in respect of the Offer or the acquisition of the Greyhound Shares by the Offeror pursuant to the Offer; and, no proceedings having been taken or threatened under the merger provisions of Part VIII or under Section 45 of the *Competition Act* (Canada) in respect of the Offer. See "Conditions of the Offer" in the Offer accompanying this Offering Circular.

Transportation Regulations

The acquisition of Greyhound by Laidlaw pursuant to the Offer will require various filings with and, in certain cases, approvals by federal, provincial and local transport regulatory authorities. The obligation of Laidlaw to take up and pay for Greyhound Shares and Options under the Offer is conditional upon all regulatory approvals, orders, rulings, exemptions and consents (including, without limitation, those of any stock exchanges or securities other regulatory authorities) which, in the judgment of the Offeror, acting reasonably, are necessary or desirable having been obtained on terms and conditions satisfactory to the Offeror, acting reasonably. See "Conditions of the Offer" in the Offer accompanying this Offering Circular.

Depositary

The Offeror has engaged the Depositary for the receipt of certificates in respect of Greyhound Shares and related Letters of Transmittal, Notices of Guaranteed Delivery and Assignments deposited under the Offer and for the payment for Greyhound Shares and Options purchased by the Offeror pursuant to the Offer. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws and expenses in connection therewith.

Dealer Manager and Soliciting Dealer Group

The Offeror has engaged the services of Nesbitt Burns Inc. to act as Dealer Manager, to solicit acceptances of the Offer and to form a soliciting dealer group (the "Soliciting Dealer Group") comprising members of the Investment Dealers Association of Canada and members of the stock exchanges in Canada to solicit acceptances of the Offer. Nesbitt Burns Inc. will be paid a fee of $100,000 for its services as Dealer Manager. Each member of the Canadian soliciting dealer group, including Nesbitt Burns Inc., is referred to herein as a "Canadian Soliciting Dealer". The Offeror has also agreed to pay to each Canadian Soliciting Dealer whose name appears in the appropriate space in the Letter of Transmittal accompanying a deposit of Greyhound Shares a fee of $0.10 for each Greyhound Share deposited and taken up by the Offeror under the Offer. The aggregate amount payable to a Canadian Soliciting Dealer with respect to any single depositing holder of Greyhound Shares will be not less than $75 nor more than $1,500. Where Greyhound Shares deposited and registered in a single name are beneficially owned by more than one person, the $75 minimum and $1,500 maximum amounts will be applied separately in respect of each such beneficial owner. The Offeror may require the Canadian Soliciting Dealers to furnish evidence of beneficial ownership satisfactory to the Offeror at the time of deposit.

Except as set forth above, the Offeror will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Greyhound Shares or Options pursuant to the Offer. Brokers, dealers, commercial banks and trust companies and other nominees will, upon request, be reimbursed by the Offeror for customary clerical and mailing expenses incurred by them in forwarding materials to their customers.

No fee or commission will be payable by any holder of Greyhound Shares or Options who transmits his, her or its Greyhound Shares or Options directly to the Depositary or who makes use of the facilities of a member of the Soliciting Dealer Group to accept an Offer.

OFFEREES' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides holders of Greyhound Shares and Options with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or a notice that is required to be delivered to the holders of Greyhound Shares and Options. However, such rights must be exercised within prescribed time limits. Holders of Greyhound Shares or Options should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

CONSENT

TO: The Directors of Laidlaw Inc.

We hereby consent to the reference to our opinion contained under "Canadian Federal Income Tax Considerations" in the offering circular accompanying the offer dated September 9, 1997 made by Laidlaw Inc. to the holders of common shares and options to acquire common shares of Greyhound Canada Transportation Corp.

Toronto, Canada
September 9, 1997

(Signed) GOODMAN PHILLIPS & VINEBERG (Toronto)
Barristers & Solicitors

CERTIFICATE OF LAIDLAW INC.

The contents of the Offer and Offering Circular have been approved, and the sending, communication or delivery thereof to the holders of common shares of Greyhound Canada Transportation Corp. has been authorized, by the board of directors of Laidlaw Inc. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or market price of the common shares of Greyhound Canada Transportation Corp. subject to the Offer.

DATED: September 9, 1997

(Signed) JAMES R. BULLOCK
Chief Executive Officer

(Signed) LESLIE W. HAWORTH
Senior Vice-President and Chief Financial Officer

On behalf of the Board of Directors

(Signed) WILLIAM P. COOPER
Director

(Signed) DONALD M. GREEN
Director

The Depositary for the Offer is:

MONTREAL TRUST COMPANY OF CANADA

By Mail:

Stock Transfer Services
600, 530 - 8th Avenue S.W.
Calgary, Alberta
T2P 3S8

By Hand, Courier or Facsimile Transmission:

Calgary
Stock Transfer Services
600, 530 - 8th Avenue S.W.
Calgary, Alberta
T2P 3S8
Tel: (403) 267-6555
Fax: (403) 266-1490

Montreal
Stock Transfer Services
Place Montreal Trust
1800 McGill College Avenue
6th Floor
Montreal, Quebec H3A 3K9
Tel: (514) 982-7555
Fax: (514) 982-7347

Toronto
Stock Transfer Services
151 Front Street West, 8th Floor
Toronto, Ontario
M5J 2N1
Tel: (416) 981-9596
Fax: (416) 981-9600

Vancouver
Stock Transfer Services
510 Burrard Street,
2nd Floor
Vancouver, British Columbia
V6C 3B9
Tel: (604) 661-0283
Fax: (604) 661-9480

The Dealer Manager for the Offer is:

NESBITT BURNS INC.
1 First Canadian Place 4th Floor, P.O. Box 150
Toronto, Ontario M5X 1H3

Attn: Jim Tower
Tel: (416) 359-6553
Fax: (416) 359-5685

or

Attn: Clay Bittner
Tel: (416) 359-7148
Fax: (416) 359-6584

Any questions and requests for assistance may be directed by holders of Greyhound Shares or Options to the Dealer Manager or the Depositary at their respective telephone numbers and locations set out above.