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APR 2 3 2012

April 20, 2012

Deena Sheppard, Enforcement Specialist
U.S. Environmental Protection Agency--Region 5
Superfund Division (SE-5J)
77 West Jackson Boulevard
Chicago, IL 60604-3590

Re: 104(e) Requests
CERCLA ID: IND 07705916

Dear Ms. Sheppard:

I am providing the responses to EPA's 104(e) requests related to the Gary Development Site and directed to Able Disposal, Active Service Corporation, General Refuse Disposal, Great Lakes Disposal, Groen Brothers Waste Disposal Service, Illiana Disposal Service, Inc., National Scavenger Service, Peter Laning Sons Inc., Sanitation Service, Inc., Tri-Creek Disposal and Wastehaul,Inc. (Flying Dutchman). Thanks to you and Ms. Wood-Chi for allowing us the extension of time to search for responsive information. Our search continues.

We look forward to working with you and we would appreciate the opportunity to come visit with you to learn more about the Site. If you have any follow-up questions, or want any additional information, please contact me.

Sincerely yours,

LATHROP & GAGE LLP

By:
Thomas A. Ryan

enclosures
cc: Ms. Nicole Wood-Chi
Associate Regional Counsel

This response was prepared by Lathrop & Gage, LLP on behalf of and in cooperation with Great Lakes Disposal Service, Inc. It responds to the Information Request Pursuant to Section 104(e) of CERCLA for the Gary Development Site, issued by U.S. EPA to Great Lakes Disposal at the following address:

5100 Lawndale Avenue
McCook, Illinois 60525-3331

As an initial matter, we represent Great Lakes Disposal Service, Inc. (Great Lakes"), the correct entity name for U.S. EPA's information request, and any future communications at this site. As such, U.S. EPA should direct all future communications to the following:

Great Lakes Disposal Service, Inc.
c/o Thomas A. Ryan
Lathrop & Gage, LLP
2345 Grand Blvd.
Suite 2400
Kansas City, MO 64108
(816) 460-5822 Telephone
(816) 292-2001 Facsimile
E-mail: TRyan@LathropGage.com

Great Lakes Disposal History:

Great Lakes Disposal Service, Inc. was incorporated in Illinois on September 13, 1967. On September 16, 1997, Liberty Waste Services Limited, LLC purchased one hundred percent of the stock of Great Lakes. Great Lakes Disposal Service, Inc., the Illinois corporation merged into Great Lakes Disposal Service, Inc., a Delaware corporation on November 5, 1997. Then, on November 4, 1998, Liberty Waste Services Limited, LLC was acquired by American Disposal Services of Illinois, Inc., a subsidiary of Allied Waste Industries, Inc. Great Lakes Disposal Service, Inc., the Delaware corporation, remains an active corporation with no operations.

Although not specifically requested by EPA, Great Lakes Disposal Service, Inc. has provided the corporate history of Great Lakes Disposal. We are attaching the supporting acquisition agreement. The acquisition documents are the only documents Great Lakes currently believes it has in its possession which provide information responsive to this information request. Great Lakes has not included the numerous exhibits as attachments to the acquisition agreement, but will produce any specific exhibits it has, upon EPA's request.

General Objections:

Great Lakes objects to these requests to the extent they seek information from persons outside of the employment or control of Great Lakes. Great Lakes also objects to these requests to the extent they are not limited in time, although EPA states the site operated only from 1975 to 1989. The acquisition of Great Lakes Service, Inc. occurred after the period during which the Gary Development Landfill was operating. Unless a response specifically indicates otherwise, all information contained in the responses was obtained from review of corporate records showing the corporate history of Great Lakes Disposal or public records available through the websites of the Secretary of State for Indiana or Illinois. Despite diligent searching, Great Lakes has discovered no records showing any relationship between Great Lakes Disposal and the Gary Development Landfill.

Great Lakes objects to the information requests to the extent they are directed at hazardous waste generators. Great Lakes is unaware of hazardous waste generation activity related to Great Lakes Disposal's operations and believes it was primarily engaged in hauling non-hazardous waste. Great Lakes also objects to these requests to the extent that they seek irrelevant information and become unduly burdensome by broadly defining "you" or "your company" to include all predecessors and successors and their subsidiaries, divisions, affiliates, and branches. Great Lakes is "related," in some manner, to over 500 other companies. Without waiving any of the foregoing objections, Great Lakes provides this response based upon its current understanding and will supplement this response if additional information warrants supplementation.

Response of Great Lakes Disposal Service, Inc. to Request Pursuant to 104(e) CERCLA

1. Provide copies of all documents, records, and correspondence in your possession relating to Gary Development Landfill.

   Response: After conducting a diligent search, Great Lakes has not located any documents, records, or correspondence in its possession relating to the Gary Development Landfill.

2. Identify and describe, and provide all documents that refer or relate to:

   a. The precise location, address, and name of the facility where disposal, treatment, unloading, management, and handling of the hazardous substances occurred. Provide the official name of the facility and a description of the facility where each hazardous substance involved in such transactions was actually disposed or treated.

<u>Objection</u>: Great Lakes objects to this request to the extent that it presumes that disposal, treatment, unloading, management, and handling of "hazardous substances" occurred.

Response: Great Lakes currently has no knowledge or records responsive to this request. Great Lakes Disposal operated its waste hauling operation from its location at 13546 South Western Avenue, Blue Island, Illinois, 60406.

b. If the location or facility of such disposal, treatment, unloading, management and handling is a different location or facility than what was originally intended, please provide all documents that relate and/or refer to why the substances came to be located at the different location or facility.

<u>Response</u>: See Response to subpart a.

c. All intermediate sites where the hazardous substances involved in each arrangement were transshipped, or where they were stored or held, any time prior to final treatment or disposal.

<u>Response</u>: See Response to subpart a.

d. The nature, including the chemical content, characteristics, physical state (e.g., solid, liquid) and quantity (volume and weight) of all hazardous substances involved in each arrangement.

<u>Response</u>: See Response to subpart a.

e. In general terms, the nature and quantity of the non-hazardous substances involved in each such arrangement.

<u>Response</u>: See Response to subpart a.

f. The condition of the transferred material containing hazardous substances when it was stored, disposed, treated or transported for disposal or treatment.

<u>Response</u>: See Response to subpart a.

g. The markings on and type, condition and number of containers in which the hazardous materials were contained when they were stored, disposed, treated, or transported for disposal or treatment.

<u>Response</u>: See Response to subpart a.

h. All tests, analyses, analytical results and manifests concerning each hazardous substance involved in each transaction. Please include information regarding who conducted the test and how the test was conducted (batch sampling, representative sampling, splits, composite, etc.)

Response: **See Response to subpart a.**

i. The final disposition of each of the hazardous substances involved in each arrangement.

Response: **See Response to subpart a.**

j. All persons, including you, who may have entered into an agreement or contract for the disposal, treatment or transportation of a hazardous substance at or to the Site. Please provide the persons' titles and departments/offices.

i. The names, addresses, and telephone numbers of persons or entities who received the hazardous substances from the persons described in 2(j) above.

Response: **See Response to subpart a.**

ii. Any person with whom the persons described in 2(j) made such arrangements.

Response: **See Response to subpart a.**

iii. The dates when each person described in 2(j) made such arrangements and provide any documentation.

Response: **See Response to subpart a.**

iv. The steps you or other persons, including persons identified in 2(j) above took to reduce the spillage or leakage. Please identify any operational manuals or policies (e.g. a facility's spill control policy) which address the management of spills and leaks and provide any documentation.

Response: **See Response to subpart a.**

v. The amount paid by you, or other persons referred to in 2(j) above in connection with each transaction for such arrangement, the method of payment, and the identity of the persons involved.

Please provide any contacts, written agreements, or documentation reflecting the terms of the agreements.

Response: **See Response to subpart a.**

vi. The amount of money received by you or other persons referred to in 2(j) above for the sale, transfer, or delivery of any material containing hazardous substances and provide any documentation. If the material was repaired, refurbished, or reconditioned, how much money was paid for this service?

Response: **See Response to subpart a.**

k. Who controlled and/or transported the hazardous substances prior to delivery to the Site? Provide agreements and/or documents showing the times when each party possessed the hazardous substances.

Response: **See Response to subpart a.**

l. The owner(s) or possessor(s) (persons in possession) of the hazardous substances involved in each arrangement for disposal or treatment of the substances. If the ownership(s) changed, when did this change(s) occur? Please provide documents describing this transfer of ownership, including the date of transfer, persons involved in the transfer, reason for the transfer of ownership, and details of the arrangement(s) such as contracts, agreements, etc. If you did not own the hazardous substances when shipped, who did own it and how did you come to own the hazardous substances?

Response: **See Response to subpart a.**

m. Who selected the location where the hazardous substances were to be disposed or treated?

Response: **See Response to subpart a.**

n. How were the hazardous substances or materials containing hazardous substances planned to be used at the Site?

Response: **See Response to subpart a.**

o. What was done to the hazardous substances once they were brought to the Site, including any service, repair, recycling, treatment, or disposal.

Response: **See Response to subpart a.**

p. What activities were typically conducted at the Site or the specific facility where the hazardous substances were sent? What were the common business practices at the Site? How and when did you obtain this information?

Response: **See Response to subpart a.**

q. How were the hazardous substances typically used, handled, or disposed of at the Site?

Response: **See Response to subpart a.**

r. How long did you have a relationship with the owner(s) and/or operator(s) of the Site?

Response: **See Response to subpart a.**

s. Did you have any influence over waste disposal activities at the Site? If so, how?

Response: **See Response to subpart a.**

t. What percentage of your total hazardous substances went to the Site?

Response: **See Response to subpart a.**

u. What steps did you take to dispose of or treat the hazardous substances? Please provide documents, agreements and/or contracts reflecting these steps.

Response: **See Response to subpart a.**

v. What involvement (if any) did you have in selecting the particular means and method of disposal of the hazardous substances?

Response: **See Response to subpart a.**

w. At the time you transferred the hazardous substances, what did you intend to happen to the hazardous substances? Please provide any contracts, written agreements, and/or other documentation reflecting the intention of the parties. If you do not have such documents and/or materials, please so state.

Response: **See Response to subpart a.**

x. With respect to all transactions involving hazardous substances, at the time of the transaction, specify the measures you took to determine the actual means of treatment, disposal or other uses of hazardous substances. Provide information you had about the treatment and disposal practices at the Site. What assurances, if any, were you given by the owners/operators at the Site regarding the proper handling and ultimate disposition of the materials you sent there?

Response: See Response to subpart a.

y. What efforts, if any, did you take to investigate the nature of the operations conducted at the Site and the environmental compliance of the Site prior to selling, transferring, delivering (e.g., for repair, consignment, or joint-venture), disposing of, or arranging for the treatment or disposal of any hazardous substances.

Response: See Response to subpart a.

z. Was there a shrinkage/spillage provision or loss allowance in the contract, or an understanding outside of the contract? As a part of the transaction, was there any penalty for shrinkage, spillage, or loss? Did the arrangement acknowledge that spills would occur?

Response: See Response to subpart a.

3. Provide names, addresses and telephone numbers of any individuals including former and current employees, who may be knowledgeable of Great Lakes Disposal operations and hazardous substances handling, storage and disposal practices.

Response: This request appears to seek information related to generators of hazardous waste. To the extent it is addressed to transporters, Great Lakes currently has no knowledge of any such individuals during the time the Site was operated.

4. State the date(s) on which the drums and/or hazardous substances were sent, brought or moved to the Site and the names, addresses and telephone numbers of the person(s) making arrangements for the drums to be sent, brought or moved to the Site.

Response: See Response to Question 2, subpart a.

5. List all federal, state and local permits and/or registrations issued to Great Lakes Disposal for the transport and/or disposal of materials.

Response: **Great Lakes is currently unaware of any records and currently has no knowledge regarding any permits in place while the Gary Development landfill was operating. Great Lakes has held a non-hazardous waste facility permit number 0310810003 in the state of Illinois. That permit is for operations in Blue Island, Illinois. Great Lakes is currently unaware of any additional permits or registrations.**

6. Which shipments or arrangements were sent under each permit? If what happened to the hazardous substances differed from what was specified in the permit, please state, to the best of your knowledge, the basis or reasons for such difference.

Response: See Response to Question 5.

7. Were all hazardous substances transported by licensed carriers to hazardous waste TSDFs permitted by the U.S. EPA?

Response: See Response to Question 5.

8. List all federal, state and local permits and/or registrations and their respective permit numbers issued for the transport and/or disposal of wastes.

Response: Great Lakes currently has no records and no knowledge relating to any permits in place while the Gary Development Landfill was operating.

9. Does your company or business have a permit or permits issued under RCRA? Does it have, or has it ever had, a permit or permits under the hazardous substance laws of the State of Indiana? Does your company or business have an EPA Identification Number, or an identification number supplied by the State Environmental Protection Agency? Supply any such identification number(s) your company or business has.

Response: Great Lakes is currently unaware of any records and currently has no knowledge regarding any permits in place while the Gary Development landfill was operating. Great Lakes has held a non-hazardous waste facility permit number 0310810003 in the state of Illinois. That permit is for operations in Blue Island, Illinois. Great Lakes is currently unaware of any additional permits or registrations.

10. Identify whether a Notification of Hazardous Waste Activity was ever filed with the EPA or the corresponding agency or official of the State of Indiana, the date of such filing, the wastes described in such notice, the quantity thereof described

in such notice, and the identification number assigned to such facility by EPA or the state agency or official.

Response: Great Lakes currently has no knowledge or records of any such notification. To the extent there were any such filings, copies should be in the possession of EPA or the state agency or official.

11. Provide the correct name and addresses of your plants and other buildings or structures where Great Lakes Disposal carried out operations in Indiana and Illinois (excluding locations where ONLY clerical/office work was performed).

Response: Great Lakes Disposal operated its waste hauling operation from its location at 13546 South Western Avenue, Blue Island, IL 60406.

12. Provide a schematic diagram or flow chart that fully describes and/or illustrates your company's operations.

Response: The acquisition of Great Lakes Disposal occurred after the relevant period. As such, Great Lakes is currently unaware of any responsive information regarding operations during the relevant time period.

13. Provide a brief description of the nature of your company's operations at each location including: If the nature or size of your company's operations changed over time, describe those changes and the dates they occurred.

Response: See Response to Question 12.

14. List the types of raw materials used in your company's operations, the products manufactured, recycled, recovered, treated, or otherwise processed in these operations.

Response: Not applicable.

This request appears to seek information related to generators of hazardous waste and Great Lakes did not generate waste. To the extent it is addressed to transporters, Great Lakes currently has no knowledge or records of any raw materials.

15. Provide copies of Material Safety Data Sheets (MSDS) for materials used in your company's operations.

Response: Not applicable.

This request appears to seek information related to generators of hazardous waste. To the extent it is addressed to transporters, Great Lakes currently has no knowledge or records of Material Safety Data Sheets.

16. Provide any release reports that were taken pursuant to Section 103(a) of CERCLA and Section 304 of the Emergency Planning and Community Right-to-Know Act (EPCRA).

Response: Not applicable. Great Lakes is unaware of any such reports at this time.

17. Identify all federal offices to which Great Lakes Disposal has sent or filed hazardous substance or hazardous waste information.

Response: Not applicable. Great Lakes is unaware of any such reports at this time. To the extent any such information was sent, it likely would be in the possession of EPA.

18. State the years during which such information was sent/filed.

Response: See Response to Question 17.

19. Identify (see Definitions) all Illinois and Indiana state offices to which Great Lakes Disposal has sent or filed hazardous substance or hazardous waste information.

Response: See Response to Question 17. To the extent any such information was sent or filed, it likely would be in the possession of Illinois and/or Indiana state offices.

20. State the years during which such information was sent/filed.

Response: See Response to Question 19.

21. List all federal and state environmental laws and regulations under which Great Lakes Disposal has reported to federal or state governments, including but not limited to: Toxic Substances Control Act (TSCA), 15 U.S.C. Sections 2601 to 2692; Emergency Planning and Community Right-to-Know Act (EPCRA), 42 U.S.C. Sections 11001 to 11050; and the Clean Water Act 33 U.S.C. Section 1251 to 1387.

Response: Not applicable. Great Lakes is unaware of any such reports at this time.

22. Identify the federal and state offices to which such information was sent.

<u>Response</u>: Not applicable. Great Lakes is unaware of any such reports at this time.

23. For each type of waste (including by-products) from Great Lakes Disposal's operations in Indiana and Illinois during the time period of 1975 through 1999, including but not limited to all liquids, sludges, and solids, provide the following information:

    a. its physical state;

    b. its nature and chemical composition;

    c. its color;

    d. its odor;

    e. the approximate monthly and annual volumes of each type of waste (using such measurements as gallons, cubic yards, pounds, etc.); and

    f. the dates (beginning & ending) during which each type of waste was produced by your company's operations.

<u>Objection</u>: Great Lakes objects to this request because it is unduly burdensome. Further, it is a question directed at generators of waste, not transporters. Great Lakes Disposal was a waste hauler.

<u>Response</u>: See Response to Question 2, subpart a.

24. Provide a schematic diagram that indicates which part of Great Lakes Disposal's operations generated each type of waste, including but not limited to wastes generated by cleaning and maintenance of equipment and machinery and wastes resulting from spills of liquid materials.

<u>Response</u>: The acquisition of Great Lakes occurred after the relevant period. As such, Great Lakes is currently unaware of any responsive information regarding operations during the relevant time period.

25. Describe how each type of waste was collected and stored at Great Lakes Disposal's operation prior to disposal/recycling/ sale/transport, including:

    a. the type of container in which each type of waste was placed/stored; and

    b. where each type of waste was collected/stored.

Response: See Response to Question 24.

26. Provide copies of all casualty, liability and/or pollution insurance policies, and any other insurance contracts related to the Gary Development Landfill (including, but not limited to, Environmental Impairment Liability, Pollution Legal Liability, Cleanup Cost Cap or Stop Loss Policies, Institutional Controls and Post Remediation Care Insurance) that provide Great Lakes Disposal with liability insurance for damage to third party property from 1975 through 1999.

Response: Great Lakes is currently unaware of any records or knowledge of insurance policies related to Gary Development Landfill.

27. To the extent not provided in Question 26 above, provide copies of all insurance policies that may potentially provide Great Lakes Disposal with insurance for bodily injury, property damage and/or environmental contamination in connection with the Site and/or Great Lakes Disposal's business operations. Include, without limitation, all comprehensive general liability, primary, excess, and umbrella policies.

Response: Great Lakes is currently unaware of any records or knowledge of insurance policies from the relevant time period.

28. To the extent not identified in Questions 26 or 27 above, provide all other evidence of casualty, liability and/or pollution insurance issued to your company for the period being investigated as identified in Question 26.

Response: See Responses to Questions 26 and 27.

29. If there are any such policies from Questions 26, 27, or 28 above of which you are aware but neither posses copies, nor are able to obtain copies, identify each such policy to the best of your ability by identifying:

    a. The name and address of each insurer and of the insured;

    b. The type of policy and policy numbers;

    c. The per occurrence policy limits of each policy; and

    d. The effective dates for each policy.

Response: See Responses to Questions 26, 27, and 28. Great Lakes currently has no further information.

30. Identify all insurance brokers or agents who placed insurance for the Great Lakes Disposal at any time during the period being investigated as identified in Question 26, and identify the time period during which such broker or agent acted in this regard. Identify by name and title, if known, individuals at the agency or brokerage most familiar with Great Lakes Disposal's pollution and/or liability insurance program and the current whereabouts of each individual.

Response: See Responses to Questions 26-28. Great Lakes is currently unaware of any insurance brokers or agents used by the company during the relevant time period.

31. Identify all previous settlements by your company (or your company's predecessors) with any insurer which relates in any way to environmental liabilities and/or to the policies referenced in Questions 26-29 above, including:

    a. The date of the settlement;

    b. The scope of release provided under such settlement;

    c. The amount of money paid by the insurer pursuant to such settlement.

    d. Provide copies of all such settlement agreements.

Response: Great Lakes is currently unaware of any settlement agreements.

32. Identify all communications and provide all documents that evidence, refer, or relate to claims made by or on behalf of the Great Lakes Disposal under any insurance policy referenced in Questions 26-29 above. Include any responses from the insurer with respect to any claims.

Response: Great Lakes currently has no such documentation and no knowledge of any claims made by or on behalf of Great Lakes Disposal.

33. Identify any and all insurance, accounts paid or accounting files that identify Great Lakes Disposal's insurance policies.

Response: Great Lakes currently is unaware of any documents and currently has no knowledge of any files identifying the company's insurance policies.

34. List all named insureds on property, pollution and/or casualty liability insurance providing coverage to Great Lakes Disposal during the period being investigated

as identified in Question 26, and the date such named insureds appeared on the policies.

Response: See Responses to Questions 26-29.

35. Identify any person or organization requiring evidence of Great Lakes Disposal's casualty, liability and/or pollution insurance during the period being investigated as identified in Question 26, including the nature of the insurance requirement and the years when the evidence was required.

Response: Great Lakes currently has no knowledge regarding any inquiry for evidence regarding the company's insurance.

36. Identify your company's policy with respect to document retention.

Response: The document retention policy of Great Lakes' parent, Republic Services, Inc. is attached. This policy became effective as of May 2011 and applies to Great Lakes Disposal Service, Inc.

Policies and Procedures Manual ("PPM")

Records Management

1. Purpose 2
2. Applicability 2
3. Policy Effective Date 2
4. Policy Contact(s) 2
5. General Policy 2
6. Employee Responsibilities 3
7. General Procedures and Controls 3
8. Record Retention Periods Schedule 4

Note: The information in this Manual is the property of Republic Services, Inc. ("Republic") and is to be used in connection with the conduct of the business of Republic and/or its subsidiaries (being collectively referred to in the policies as the "Company" or "Republic"). These policies are not intended to and do not constitute or create contractual terms of employment.

1. Purpose

The purpose of this section of the Policies and Procedures Manual ("PPM") is to describe Republic Services, Inc.'s and its subsidiaries ("Republic" or the "Company") policies and procedures concerning the proper retention and management of Company records.

2. Applicability

This policy is applicable to all employees and consultants.

3. Policy Effective Date

This policy is effective as of May 5, 2011.

Company policies are modified or updated from time to time. Employees and consultants therefore should always refer to the Company's Corporate website for the most current version of the policy.

4. Policy Contact(s)

Questions concerning this policy should be directed to:

Eileen Schuler
Manager, Corporate Governance and Compliance
(480) 627-7154
eschuler@republicservices.com

5. General Policy

To operate effectively, the Company must retain necessary records and dispose of unnecessary records in a systematic manner. Republic's policy is to (i) retain all records only as long as needed to satisfy operational, financial, legal and audit requirements; (ii) timely dispose of records which have exceeded all applicable retention periods; and (iii) ensure corporate recovery and survival in the event of a disaster.

"Company Records" or "Records" are all data and documents that are created, received, or maintained as part of the Company's business activities. Company Records may be stored on any electronic or non-electronic media (such as paper, video or audio tape, microfilm or microfiche, or hard drive, disk, server or other electronic storage device) or in any format (such as memos, spreadsheets, E-mail, or engineering drawings). Company Records should not be maintained on personal or home computers.

The Internal Revenue Service, Securities and Exchange Commission ("SEC"), and other government regulatory agencies and auditors have established guidelines for maintaining various records. To ensure that the Company complies with these requirements, the general retention periods are set forth in the schedule that accompanies this policy. The retention period refers to the number of years that Company Records need to be maintained after becoming inactive or after other events specified in the attached schedule.

By retaining only necessary records, the Company will eliminate the expenditure of human, physical and financial resources in the maintenance and retrieval of useless information and will be able to maintain and retrieve useful information more effectively.

6. Employee Responsibilities

A. Employees

1) Employees are required to comply with this policy and the record retention periods as set forth in the schedule that accompanies this policy. Each employee is responsible for regularly reviewing Records under his or her control to make sure that unnecessary Records are not being created or retained.

B. Management

1) Each responsible Corporate Department Head, Senior Vice President – Regional Operations, Area President and General Manager is responsible for implementing and complying with this policy within his or her organization.

7. General Procedures and Controls

A. Suspension or Holds on Normal Disposal of Records

1) Records are expected to be retained for the period of time specified and no longer. The only exception to these retention periods is if the Legal Department or outside counsel have notified the Records' custodian that the Records must be maintained in connection with litigation or an investigation (a "Legal Hold"). In that instance, the Records may not be destroyed until the Legal Department lifts the Legal Hold in writing.

2) Due to document retention requirements associated with the Company's tax filings, certain Records that originated from legacy Allied Waste locations will continue to be retained pursuant to tax holds as noted in the schedule that accompanies this policy. These tax holds only apply to the noted Allied Waste Records prepared on or after January 1, 2000. These Allied Waste Records must be retained beyond the otherwise applicable retention period until the custodian is notified in writing by the Corporate Tax Department that the Records are no longer subject to a tax hold. All Records prepared or created prior to these dates may be destroyed in accordance with the otherwise applicable retention periods. Employees should contact the Vice President, Tax at (480) 627-2216 if they have questions regarding this requirement.

B. Implementation

1) In implementing this policy unless otherwise notified, no formal, written procedure is required, provided that a uniform and consistent practice, guided by the following principles, is adopted and communicated to employees by Company management as referred to in Section 6.B.

a). Retain and dispose of Records systematically, uniformly and consistently according to the readily identifiable reasonable business needs and legal requirements applicable to the Company location.

b). Comply with the record retention periods as set forth in the schedule that accompanies this policy.

c). Hold all Company Records, including all customer information and employee records, in confidence and treat them as Company assets. Records must be safeguarded and may be disclosed to parties outside the Company only upon proper authorization by the Company or pursuant to a court order or subpoena or other applicable law. Any subpoena received by employees or

questions regarding the release of Company Records must be directed to the Legal Department prior to the release of such records.

d). Comply with all directives from the Legal Department to refrain from disposing of Records subject to a Legal Hold.

e). Suspend the normal disposal of Records pursuant to this policy whenever any government agency either commences an investigation or action. In such case, immediately retain all Records relating to the subject matter of the government investigation or action. Immediately contact the Legal Department to alert counsel of such investigation or action unless the Legal Department has already provided notification regarding such matter.

f). Ensure that all electronic messages ("E-mail") are retained pursuant to the appropriate retention requirements. E-mail is intended for informational correspondence and communications and should not be used for long-term record-keeping purposes. E-mails should be deleted after the business purpose and/or intent of the message has been satisfied in order to reduce individual mailbox size capacity. Any E-mail records deemed to have administrative, legal, tax or fiscal retention requirements must be printed out and saved as a paper document or saved as an electronic document on the Company's servers or share drives. The Company provides an automatic archive of its E-mail system for a three-year period, in addition to a mailbox purge process managed by the IT Department. (Also refer to the Corporate Information Technology policy.)

g). Upon termination of employment, Company Records must be returned to the former employee's supervisor.

8. Record Retention Periods Schedule

The record retention periods for particular categories of Records are included in the following schedule. The retention period refers to the number of years a Record needs to be maintained after it becomes inactive. Paper or hard copies of Records must be retained for the specified retention period unless this policy is revised to require such Records to be stored in electronic format as noted with an asterisks (*). Electronic retained Records are those generated from applications as part of the Corporate IT Systems and have an automatic back-up program (e.g., InfoPro, Lawson, ePRO, etc.).

Scanned Records

The Company utilizes an electronic storage program to scan and code certain categories of Company Records in order to, among other things: (i) make those records easier to find; (ii) make those records more secure; (iii) reduce record duplication, thereby increasing efficiency; and (iv) reduce paper record storage costs. In most cases, *but with important exceptions*, the Company considers a scanned record to be a duplicate of the original paper record, such that the original paper record may be destroyed. Examples of paper records that must not be destroyed even if scanned include:

- Non-Standard Customer Contracts (including Franchise/Municipal Agreements);
- Employee Form I-9s: and
- Driver Qualification Files.

In furtherance of this policy, please consult with the Legal Department *before* destroying any paper record on the basis that its scanned image constitutes a duplicate record.

Schedule of Retention Periods

ACCOUNTING – ACCOUNTS PAYABLE	RETENTION PERIOD (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)	APPLICABLE TO CORPORATE AND/OR FIELD
1099 Forms (*) and Filings	Current Plus 7 Years	Corporate (legacy Allied up to 2009), Field (legacy Republic), Outsourced Post Merger (2009 and current)
AP 136 and GL 290 to Reconcile	Current Plus 7 Years	Corporate and Field
AP 190 – Invoice Reinstatement	Current Plus Prior Year	Corporate and Field
AP 220 Batch Report – Signed	Current Plus Prior Year	Corporate and Field
AP Control Log – Signed	Current Plus Prior Year	Corporate and Field
AP Invoices with Receiving Documents - Signed **[For transportation vendors receiving documents may include scale tickets.]**	Current Plus 7 Years	Corporate and Field
AP Month-End Closing Documents (*)	Current Plus Prior Year	Corporate and Field
AP Payment History (*)	Current Plus 7 Years	Corporate and Field
AP Trial Balance / Aged Trial Balance (*)	Current Plus 7 Years	Corporate
Checks (Voided)	Destroy Immediately	Corporate and Field
Disposal Tickets for Republic Using External Sites	3 years	Corporate
ERMI and/or American Ref-Fuel Invoices	Indefinitely	Corporate
Escheat Files/Returns-Paper Documents	Indefinitely	Corporate
Expense Reports (*)	Longer of Tax Hold or 7 Years	Corporate and Field
Purchase Orders (Manual)	Current Plus Prior Year	Field
Purchase Order Logs (Electronic)	Current Plus Prior Year	Field
W-9 Forms	Greater of 7 years or the Term during which Vendor Utilized	Field
ACCOUNTING – ACCOUNTS RECEIVABLE (ROBOT Reports, InfoPro, TRUX, RSI, and PC Scale)	**RETENTION PERIOD (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)**	**APPLICABLE TO CORPORATE AND/OR FIELD**
AR Aged Trial Balance Summary (*)	Current Plus 7 Years	Corporate and Field
AR Aged Trial Balance Totals (*)	Current Plus 7 Years	Corporate and Field
Automatic Billing Authorization Form	Term of Agreement Plus 2 Years	Corporate and Field
Bankruptcy Documents	2 Years after Conclusion of Matter	Corporate and Field
Collection / Stop Service Policy	Current Plus Prior Version	Field
Control Report from Billing Outsourcer (verification report signed by billing clerk)	Current Plus Prior Year	Field
Credit/Debit Adjustments	Current Plus 7 Years	Corporate and Field
Credit Reports for New Customers	Term of Contract Plus 3 Years	Field
Customer Complaint Files (*)	Current Plus 7 Years	Field
Customer File, Including Credit Application and Supporting Documentation	Term of Contract Plus 3 Years	Field
Customer Purchase Orders	Term of Contract Plus 3 Years	Field
Customer Reports (New) (RP 1403, 1404 and 1407)	Current Plus Prior Year	Field
Customer Service Records/Agreements (*)	Longer of Tax Hold or Term of Contract Plus 7 Years	Field
Daily Ticket Reconciliations	Current Plus Prior Year	Field
Day End Sales and Adjustment Batches by User ID	Current Plus Prior Year	Field
EFT Enrollment Forms	Term of Agreement Plus 2 Years	Corporate and Field
Franchise Agreements	Longer of Tax Hold or Term of Contract Plus 7 Years	Field

ACCOUNTING – ACCOUNTS RECEIVABLE (continued) (ROBOT Reports, InfoPro, TRUX, RSI, and PC Scale)	RETENTION PERIOD (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)	APPLICABLE TO CORPORATE AND/OR FIELD
Image Lockbox Output List (TRUX)	Current Plus 7 Years	Corporate and Field
Monthly Approved List of Accounts Not to Lock - Signed	Current Plus Prior Year	Field
Monthly Automated Sales Report (ASR) – Signed	Current Plus Prior Year	Field
Monthly Operating Work Order Report	Current Plus Prior Year	Field
Municipal Contracts	Longer of Tax Hold or Term of Contract Plus 7 Years	Field
PC Scale Day End Report	Current Plus Prior Year	Field
Price Matrices	Current Plus Prior Version	Field
Rate Sheets for Gate Customers	Current Plus Prior Version	Field
RSI Batch Reports (for batch posting) (*)	Current Plus Prior Year	Corporate and Field
RSI Month End Report for Current Month – Signed (*)	Current Plus Prior 7 Years	Field
Sales & Adjustment Report for Current Month - Signed	Current Plus Prior Year	Field
Sales Report Current/Deferred by GL Code	Current Plus Prior 7 Years	Field
Scalehouse Exception Ticket Reports (*) and Signed Logs - Manually Entered Tickets with Weights (manual tickets) - Void Ticket List (voided tickets) - Logged Activities Report (deleted tickets) - RDT – Reprint Disposal Tickets (reprinted/duplicate tickets)	Current Plus Prior 2 Years	Field
ACCOUNTING – ASSET MANAGEMENT	**RETENTION PERIOD** (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)	**APPLICABLE TO CORPORATE AND/OR FIELD**
Annual Fixed Asset Physical Count Reports and Reconciliations (*)	Longer of Tax Hold or Current Plus Prior Year	Corporate and Field
Approved Capital Addition Forms and Supporting Documentation	Longer of Tax Hold or Life of Asset through Date of Disposal Plus 1 Year	Corporate and Field
Approved Capital Expenditures (CEs) and Supporting Documentation (*)	Longer of Tax Hold or Current Plus Prior Year	Corporate and Field
Approved Capital Retirement Forms and Supporting Documentation	Longer of Tax Hold or Current Plus Prior Year	Corporate
Approved Capital Transfer Forms	Longer of Tax Hold or 3 Years	Corporate and Field
Asset Management (Am 260) Monthly Close Reports	Longer of Tax Hold or Current Plus 7 Years	Corporate
Asset Reconciliation (RS270) – Signed Off	Longer of Tax Hold or 7 Years	Field
ACCOUNTING – REAL PROPERTY TAX	**RETENTION PERIOD** (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)	**APPLICABLE TO CORPORATE AND/OR FIELD**
Personal Property Tax Returns and Supporting Schedules	Longer of Tax Hold or Current Plus 7 Years	Corporate
ACCOUNTING – CASH	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Cancelled Checks (*)	Current Plus 7 Years	Corporate and Field
Cash Balance Sheet Reconciliation Folder (*): - Bank Reconciliation - Bank Statements - Copies of Deposit Tickets - Daily Cash Receipts Summary InfoPro - List of Outstanding Checks - Month End Cash Receipts Journal InfoPro - Support for Unusual Reconciling Items	Current Plus 7 Years	Field
Cash Receipts Log	Current Plus 7 Years	Field
Petty Cash Surprise Counts	Current Plus Prior Year	Field

ACCOUNTING – CONTROLLER'S GROUP (OPERATIONS)	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Account Analysis Folder (or other documentation supporting account balances) (*): - Supporting Schedules - Periodic Reconciliations of Schedules to Accounts being Analyzed - Supporting Documentation such as Agreements, Contracts, Copies of Invoices and Checks and Correspondence	Current Plus 7 Years	Corporate and Field
Monthly Operating Reports (MOR) (*)	Current Plus 7 Years	Corporate
Monthly MOR Books and Review	3 Months	Corporate
MOR Notes Database (*)	Current Plus 7 Years	Corporate
ROI Model Approved by AP and AC (*)	Current Version	Corporate
ACCOUNTING – GENERAL AND BUDGET PLANNING	**RETENTION PERIOD** **(IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Acquisition and Divestiture Accounting Workpapers/Files	Longer of Tax Hold or Current Plus 7 Years	Corporate
Bom Ambiente Accounting Binders	Indefinitely	Corporate
Budget Files Used to Create Annual Operating Budgets (*)	Until June 30th of the Following Budget Year	Corporate)
Budget Reconciliation Files (*)	Current Plus Prior Year	Corporate
Close Month-End Report Month-End Close and Statistics Files (*)	7 Years	Corporate
General Ledger (*)	Longer of Tax Hold or 7 Years	Corporate
Lawson Accounting Reports (e.g., Financial Statements, Statistical Reports, Productivity Reports) (*)	Longer of Tax Hold or 7 Years	Corporate
Lawson Configuration Security Requests for New Company (email) (*)	3 Years	Corporate
Lawson Daily Exception Report- Signed Off (*)	Current Plus Prior Year	Corporate
Lawson/Essbase Balancing Report –Signed Off (*)	Current Plus Prior Year	Corporate
Level 3 P&L (*)	Longer of Tax Hold or 7 Years	Corporate
Monthly or Quarterly Physical Inventory Count (Parts and Fuel Inventory)	Current Plus Prior Year	Field
Normal and Intercompany Journal Entries and Supporting Documentation (*)	Longer of Tax Hold or Current Plus 7 Years	Corporate
Sales Journal by Cycle and Supporting Documentation for Revenue Journal Entries (*)	Longer of Tax Hold or Current Plus 7 Years	Corporate
ACCOUNTING – FINANCIAL/EXTERNAL REPORTING	**RETENTION PERIOD** **(IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Environmental Models and Binders (*)	Longer of Tax Hold or Current Plus 7 Years	Corporate
External Audit Reports or Financial Statement Reviews	Current Plus 7 Years	Corporate and Field
Financial (Ad Hoc) Analysis (Final Versions) (*)	5 Years (Drafts Destroyed after Finalized)	Corporate and Field
Financial Forecasts, Projections and Similar (Final Versions) (*)	5 Years (Drafts Destroyed after Finalized)	Corporate and Field
Landfill Accounting Model (*)	Longer of Tax Hold or Current Plus 7 Years	Corporate
Landfill Quarterly Update Form (*)	5 Years	Corporate and Field
Monthly/Quarterly Essbase Reports (*)	Current Plus 7 Years	Corporate
SEC Filing Binders to include original signature pages for the various filings (coordinate with Legal Department): Forms: 10-Q, 10-K, 8-K, 11-K (401-k), etc. Proxy Statements (including final proxy voting results). Registration Statements: S-3, S-8, etc. 302/906 Certifications (includes correspondence and comment letters)	Indefinitely (Final Filings) Current Plus 7 Years (Workpapers/Binders Supporting Transaction/Filing)	Corporate
SFAS 123(R) Binders	Current Plus 7 Years	Corporate
SFAS 143 Binders (*)	Current Plus 7 Years	Corporate and Field
SFAS 123(R) and 143 Calculations/ Databases/Models (*)	Current Plus 7 Years	Corporate
Quarterly Calculation of Interest Rate Exchange Activity Including Confirmations from Counter-Parties	Greater of 7 Years or Term of Exchange	Corporate
Quarterly External Financial Reporting Binders and Schedules	Current Plus 7 Years	Corporate
Quarterly Representation Letters	5 Years	Corporate and Field

ACCOUNTING – TAXES	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Administrative Files and Correspondence (*)	Indefinitely	Corporate
Annual Business License Reports	Current Plus 7 Years	Corporate and Field
Audit Files – Federal, State and Other Tax Examinations	Until Expiration of Statute of Limitations	Corporate
City Business Licenses	Current Plus 7 Years	Corporate and Field
Executive Personal Use of Company Aircraft (includes monthly information and flight logs)	Until Expiration of Statute of Limitations	Corporate
Federal and State Income / Franchise Tax Compliance Workpapers	Indefinitely	Corporate
Form 2290 Returns (*)	Until Expiration of Statute of Limitations	Corporate and Field
IFTA Tax Forms (*)	Until Expiration of Statute of Limitations	Corporate and Field
Income and Franchise Tax Returns (*)	Indefinitely	Corporate
Permanent Tax Files: Mergers and Acquisitions, Elections (8023)/Methods (3115) and Closing Agreements	Indefinitely	Corporate
Project Files (*): - Provision, Payments/Forecasts, FIN 48 Analysis, Miscellaneous - Tax Planning	Indefinitely	Corporate
Sales and Use Tax Returns (includes Supporting Documents)	Until Expiration of Statute of Limitations	Corporate and Field

ENGINEERING	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
All Environmental Permits (solid waste, air, landfill, stormwater, NPDES, wetland impact, etc.)- Includes Applications and Submittals	Indefinitely	Field
Capital Plans (Five Years) (*)	7 Years	Corporate (Models retained on Database- FIS or Citrix Server); Field (Supporting Documents)
Corporate Compliance Database (*)	Indefinitely	Corporate (Retain Current Formats)
Daily PC Scales Report Package (*)	7 Years	Field
Design Drawings, Construction Certifications and/or Closure Reports for any Infrastructure Constructed at Facility (buildings, scales, pipelines, etc.)	Indefinitely	Field
Environmental Monitoring Data	Indefinitely	Field
Financial Assurance Request Forms and Calculations	Indefinitely	Field
Inspection Results	Indefinitely	Field
Landfill Quarter End Reports	Current Plus Prior Year	Field
Lawson Essbase Landfill Tons Report (*)	7 Years	Field
Lawson Essbase Transfer Station Report (*)	7 Years	Field
Monthly Early Register Close Out – Signed Off	Currently Plus Prior Year	Field
Monthly Fuel System Reading or Stick Reading	Past 12 Months	Field
Monthly Gate Check Summaries – Signed Off	Current Plus Prior Year	Field
Monthly PC Scales Report Package (*)	7 Years	Field
Notices of Violations (NOVs)	Indefinitely	Copies of NOVs should be sent to Corporate for inclusion in Compliance Database and Field should retain in facility operating record per permit or state regulatory requirements
Other Waste Manifests	Indefinitely	Field
Periodic Waste Tonnage Reports (*)	7 Years	Field
Regulatory Submittals and Correspondence	Indefinitely	Field
Scale Tickets (Company Landfills/Transfer Stations)	Current Plus Prior 3 Years or Indefinitely until advised by Legal if Site is Superfund or subject to investigation for remediation costs (whether under Superfund or some other law or order)	Field
Site File (profile, permits, site development, expansion and operating record)	Indefinitely	Field

ENGINEERING (continued)	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Special Waste Manifests	Indefinitely	Field
UOC Rate Files	Current Plus Prior Year	Field (Detailed Backup) Corporate (* Model)
Reports to Environmental Regulators (Federal,(EPA), State and Local Agencies) (includes underlying data and documents for reports)	Indefinitely	Field
Underground/Above Ground Storage Tank permits, permit applications and monitoring information	Indefinitely	Field
Any Other Governmental Documents and Forms (if retention period is not indicated herein)	Indefinitely	Field
HUMAN RESOURCES	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Affirmative Action Plan and Supporting Documentation	Current Plus 2 Years	Corporate
Charges or Investigations Involving Administrative Agencies (e.g., DOL, EEOC, NLRB, OSHA, etc.) and Any Type of Employment Lawsuits Resulting from such Charges or Investigations	Until Final Disposition of the Matter Plus 2 Years	Corporate
Collective Bargaining Agreements	Indefinitely	Corporate
Internal Complaints Regarding an Employee's Employment (e.g., Discrimination, Harassment and/or Retaliation), including investigation data and all other related documents)	Term of Employment Plus 6 Years	Corporate and Field
Employee Benefit/Account Statements, Distribution Related Documents and Election Forms (*)	Indefinitely	Corporate
Employee Benefit Plans (including pension plans, insurance plans and group disability records) (*)	Indefinitely	Corporate
Employee Benefit Elections and Beneficiary Forms (*)	Term of Employment Plus 3 Years	Corporate
Employment Contracts	Term of Employment/Contract Plus 10 Years	Corporate
Employee Handbooks	As Long as in Effect, Plus 6 Years	Corporate (Company-wide) and Field (Local)
Equal Employment Opportunity (EEO) Reports	3 Years	Corporate
Family and Medical Leave Act Requests and Records	3 Years	Corporate and Field
Other Leaves Records: Military Leaves of Absence	3 Years	Corporate and Field
Grants of Equity-Based Compensation (*)	Term of Employment Plus 10 Years	Corporate
Immigration (I-9) Forms (Separate into Two Binders: Active and Terminated) (All I-9 Forms and Supporting Documentation must be maintained in a separate secured file and not part of any other employee record or file.)	Company to Purge I-9 and Attached Documentation for Any Terminated Employee 3 Years After Date of Hire or 1 Year After Date of Termination, Whichever Comes Later	Corporate and Field
Hiring Records/ Selection of Applicants: • Job Advertisements and Postings • Job Descriptions • Applicant Tracking Log • Interview Notes, Tests and Test Results (Refer to Individual Personnel File for Hiring Records associated with an Employee)	2 Years from the date of record or personnel action involved, whichever is later	Corporate and Field
Individual Personnel File: • Annual and Long-Term Compensation • Certificate of Age • Disciplinary Notices and Documents • Employment Application • Letters of Recognition • New Hire/Orientation Training (Safety Training) • Non-Compete/Confidentiality Agreement • Performance Evaluations • Personnel Action Forms • Records Relating to Hiring, Assignment, Promotion, Demotion, Transfer, Layoff, Rates of Pay and Other Forms of Compensation, Offer Letter, W-4, PAF, etc. • Resume • Signed Policy Acknowledgments (e.g., Introductory Employment Period, Drug & Alcohol Policy, Employee Handbook, Compliance Certificate, etc. as applicable) • Relocation Repayment Agreements *(continued on next page)*	Term of Employment Plus 6 Years	Corporate and Field

HUMAN RESOURCES (continued)	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Individual Personnel File (continued): • Severance Agreements • Termination Records • Training Records, Scores and Certifications (if not electronically recorded in the Republic Learning Portal) • User Roles and Profile Request Forms (e.g., RSI, Lawson, Kronos, Route Smart, PC Scale, Network, etc.) • Veteran Status Records	Term of Employment Plus 6 Years	Corporate and Field
Organizational Charts	As Long as in Effect Plus 6 Years	Corporate
Physical Examinations Results	Term of Employment Plus 3 Years	Corporate and Field
Qualified Plan Testing Data (including results, custodian's and trustee's reports, annual reports, returns, audits, other filings and correspondence with IRS and DOL)	Indefinitely	Corporate
Reasonable Accommodations Requests	Until 3 Years after Employee Leaves the Company	Corporate and Field
Seniority and Merit Systems	As Long as in Effect, Plus 5 Years	Field
Training Records, Scores and Certifications (*)	Term of Employment Plus 6 Years	Corporate
INTERNAL AUDIT AND SOX	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Audit Workpapers and Reports (*)	7 Years	Corporate
Special Projects (workpapers, reports and supporting documentation) (*)	As Determined by Legal Department or Project Owner	Corporate
Sarbanes-Oxley Act (SOX) (*): • Corporate Controls Testing • Deficiency Analysis • Entity-Level Controls Testing • IT General and Application Control Matrices and Testing Workpapers • Peer Review Testing • Remediation Testing • SAS 70/SSAE 16 • Annual Risk Assessment • SOX Narrative Documentation (includes narratives, summaries and flowcharts)	Current Plus 7 Years (Workpapers/Binders Supporting Transaction/Filing)	Corporate
IT (INFORMATION TECHNOLOGY)	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Accounts Created and Deleted Events (*)	Current Plus Prior Year	Corporate
Annual DR Test Results (*)	Current Plus Prior Year	Corporate
Application System Security Matrices (*)	Until Superseded	Corporate
Audit Log Cleared Events (*)	Current Plus Prior Year	Corporate
Change Management Authorization Forms (*)	3 Years	Corporate
Change Management System Upgrades Test Results (*)	3 Years	Corporate
Contractor Terms of Use Agreement and Remote Access Authorization Form	Current Plus Prior Year	Corporate and Field
Corporate Termination Weekly Report (*)	Current Plus Prior Year	Corporate
Email Retention (*)	3 Years	Corporate
IBM Service Tech Activity Log (*)	Current Plus Prior Year	Corporate
InfoPro Programming Log (Command Line Use Review) (*)	Current Plus Prior Year	Corporate
InfoPro User Access Reviews (*)	Current Plus Prior Year	Corporate
iSeries Anti-Virus Report (*)	Current Plus Prior Year	Corporate
iSeries Audit Setup (*)	Current Plus Prior Year	Corporate
iSeries System Breach Report (*)	Current Plus Prior Year	Corporate
Installation Events (*)	3 Years	Corporate
IT Operations and Help Desk Monthly Statistics (*)	Current Plus Prior Year	Corporate

IT (INFORMATION TECHNOLOGY) (continued)	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Help Desk Weekly Activity Report (*)	Current Plus Prior Year	Corporate
Lawson Programming Log (Command Line Use Review) (*)	Current Plus Prior Year	Corporate
License Agreements for Software	Term of Agreement Plus 3 Years	Corporate
Monitor iSeries SYS* User Profiles (*)	Current Plus Prior Year	Corporate
New User Request Form (NURF) (*)	Current Plus Prior Year	Corporate
Off-Site Backup Tapes Monthly Report Review (*)	Current Plus Prior Year	Corporate
Review Data Center Guest Log/Review Access List (Automation) (*)	Current Plus Prior Year	Corporate
Review System Values for Changes (*)	Current Plus Prior Year	Corporate
Scheduled Jobs Log (*)	Current Plus Prior Year	Corporate
Server Backup Logs (*)	Current Plus Prior Year	Corporate
Tape Backup Daily Log (*)	Current Plus Prior Year	Corporate
Vendor and Consulting Contracts and Service Agreements	Term of Contract Plus 3 Years	Corporate
Web Filtering Activity Logs (*)	3 Months	Corporate
LEGAL	**RETENTION PERIOD** (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)	**APPLICABLE TO CORPORATE AND/OR FIELD**
Acquisitions, Divestitures and Merger Agreements and Due Diligence	Indefinitely	Corporate
Articles, By-laws and Minute Books (Charter Documents)	Indefinitely	Corporate
Board of Directors and Board Committee Meeting Materials	Indefinitely	Corporate
Contracts or Agreements (not referenced in other sections)	Longer of Tax Hold or Life of Contract Plus 7 Years	Corporate and Field
Department of Justice Compliance Project	3 Years After Expiration of Project (as determined by Legal Department)	Corporate
Employee Hotline Reports and Investigation Data (AWARE Line and legacy Global Compliance) (*)	Indefinitely	Corporate
General Legal Correspondence	Current Plus Prior Year	Corporate
Third Party Subpoenas/Information Requests	2 Years from the Date of Production	Corporate
Litigation Files and Related Subpoenas (not referenced in other sections such as Human Resources and Risk Management)	Determined by Legal Department on a case by case basis	Corporate
Memoranda/Written Legal Advice	Indefinitely	Corporate
Policies (Corporate Policy and Procedures Manuals) (*)	Indefinitely	Corporate (upon being superseded)
Political Contribution Request Forms (*)	Indefinitely	Corporate
Real Estate Documents (includes titles, surveys, deeds, easements and leases)	Indefinitely	Corporate and Field
SEC Filing Binders to include original signature pages for the various filings (coordinate with Accounting - Financial /External Reporting Department): Forms: 10-Q, 10-K, 8-K, 11-K (401-k), etc. Proxy Statements (including final proxy voting results). Registration Statements: S-3, S-8, etc. 302/906 Certifications (includes correspondence and comment letters)	Indefinitely (Final Filings) Current Plus 7 Years (Workpapers/Binders Supporting Transaction/Filing)	Corporate
Subsidiary Management (*)	Indefinitely	Corporate
Trademarks, Copyrights and Patents	Life of Trademark Plus Applicable Statute of Limitations Life of the Copyright Plus 3 Years Life of Patent Plus 6 Years	Corporate
MAINTENANCE	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Brake Certifications – In Personnel File	Term of Employment Plus 1 Year based on Ref. FMCSR 396.25(e)	Field
Dossier and Lawson Reports, Including Monthly Inventory (*)	Term of 1 Year and for 6 Months After the Motor Vehicle Leaves the Motor Carrier's Control based on Ref. FMCSR 396.3 (c)	Field
Dossier POs (*)	Term of 1 Year and for 6 Months After the Motor Vehicle Leaves the Motor Carrier's Control based on Ref. FMCSR 396.3 (c)	Field
Dossier Work Orders (*)	Term of 1 Year and for 6 Months After the Motor Vehicle Leaves the Motor Carrier's Control based on Ref. FMCSR 396.3 (c)	Field
Equipment Titles	For the Life of the Equipment or Until Sold or Otherwise Disposed	Field

MAINTENANCE (continued)	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Maintenance Files (e.g., Brake Inspections and Repairs)	Term of 1 Year and for 6 months After the Motor Vehicle Leaves the Motor Carrier's Control Based on Ref. FMCSR 396.3 (c)	Field
Maintenance Training Log (* if available)	Term of Employment plus 1 year Based on Ref. FMCSR 396.25 (e)	Field
Mandatory Maintenance Personnel Training (* if available)	Term of Employment plus 1 year Based on Ref. FMCSR 396.25 (e)	Field
Manifests for Waste Oil or Other Hazardous Waste	Indefinitely	Field
PMI Forms	Term of 1 Year and for 6 months After the Motor Vehicle Leaves the Motor Carrier's Control based on Ref. FMCSR 396.3 (c)	Field
Vehicle Condition Reports (VCRs)	Current Month Plus 90 Days	Field
Vehicle History Reports	Term of 1 year and for 6 months After the Motor Vehicle Leaves the Motor Carrier's Control based on Ref. FMCSR 396.3 (c) unless directed by Risk Management to retain longer for Accident Claim	Field
Warranty Claims	Life of Truck Plus 6 Months After Disposition	Field
Any Records under this Section (as determined by the Division) that are utilized to comply with the International Fuel Tax Agreement (IFTA) Permit and Tax Liability Guidance (applies only to Divisions having vehicles subject to IFTA Returns)	4 Years (IFTA Requirement)	Field
MARKET DEVELOPMENT	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Confidentiality Agreements	Term of Agreement Plus 3 Years	Corporate
Contract Drafts	Discard Draft after Contract is Executed	Corporate
Market Planning and Analysis	Indefinitely	Corporate and Field
Transaction Files: • Closing Notice • Contract Checklist • Contracts and Agreements • Disposal Maps • Due Diligence • Letter of Intent • Memorandums • News Clippings • Offer Letter • Offering Memorandum • Post Transaction Review • Pro Forma Models • Project Execution Plan • Project Feasibility Analysis • Seller Valuation • Seller's Information • Transaction Analysis • Transaction Report	Indefinitely for Closed Transactions; Otherwise 7 Years	Due to Size and Complexity of Transaction, VP MP&D or EVP BD will determine if Stored at Corporate or Field
OPERATIONS - COLLECTIONS	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Driver Check-In (Route Sheets)	Current Plus 3 Months	Field
Driver Check-In (Route Sheets) – **Only Divisions that have vehicles complying with the International Fuel Tax Agreement (IFTA) Permit and Tax Liability Guidance**	4 Years (IFTA Requirement)	Field
Routing Tool Solutions (*)	6 Months	Field
PAYROLL	**RETENTION PERIOD** **(IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Bonus Payment Calculations and Worksheets (*)	Current Plus 5 Years	Corporate
Deferral Elections (Salary and Bonus) (*)	Term of Employment Plus 3 Years	Corporate
DOT Meal Period Certification (*)	Term of Employment Plus 6 Years	
Employee Time Cards (Paper Copy) Signed by Employee	Current Plus 3 Years	Corporate and Field
Incentive Wage Calculation Worksheets (*)	Current Plus 3 Years	Field
Kronos Time Records (*)	Current Plus 3 Years	Corporate and Field
Payroll Tax Returns (*)	Longer of Tax Hold or Current Plus 4 Years	Corporate

PAYROLL (continued)	RETENTION PERIOD (IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)	APPLICABLE TO CORPORATE AND/OR FIELD
Sales Commissions Calculations and Worksheets (*)	Current Plus 3 Years	Field
W-2s (*)	Longer of Tax Hold or Current Plus 3 Years	Corporate
Wage Garnishments/Child Support	Term of Employment or 5 Years After Court Order Expires, Whichever is Later	Corporate and Field
Weekly Payroll Reports (Signed Off) –PR141, Employee Change Audit, Kronos Production Pay Report, Pay Rate Exception Audit Report (*)	Longer of Tax Hold or Current Plus Prior Year	Corporate and Field
PROCUREMENT	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Card Applications (Pcard, T&E Card, Fuel Card)	3 Years After Revocation Date	Corporate
Memos of Understanding/Letters of Intent (*)	Term Plus 3 Years	Corporate and Field
Purchase Orders (*)	Term Plus 10 Years	Corporate and Field
Statements of Work (*)	Term Plus 3 Years	Corporate and Field
Vendor Contracts/Agreements (*)	Term Plus 3 Years	Corporate and Field
Vendor Quotations/Proposals (*)	Term Plus 90 Days	Corporate and Field
Sourcing Strategy Documentation (*)	Term Plus 3 Years	Corporate
RISK MANAGEMENT	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Captive Documentation (*): • Bom Ambient • Saguaro National Insurance Company (SNIC) • Global Indemnity - Surety	Indefinitely	Corporate
Certificates of Insurance (*): • Third Party Vendors/Contractors/Suppliers	Term Plus 10 Years	Corporate and Field
Financial Assurance – Copies (*) • Bonds (Closure, Post Closure, Performance, Misc.) • Insurance Policies	Term of Instrument	Corporate
Insurance Policies (*): • For Coverage Including Expiring • Includes Applications and Binders	Indefinitely	Corporate
Litigation Files (*)	1 Year After Litigation Closes	Corporate
SAFETY	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE AND/OR FIELD**
DOT – Recordable Accident Register	3 Years	Field
DOT Driver's Hour Log (Driver's Duty Status Record)	6 Months	Field
Driver Qualification File: • Driver Application for employment (DOT Application for Employment) • State Agency Driver's Driving Record (Motor Vehicle Record (MVR)) • Certificate of Driver's Road Test • State Agency Annual Driver Record Inquiry (MVR covering at least the preceding 12 months) • Annual Review of the Driver's Driving Record • List or Certificate relating to Violations of Motor Vehicle Laws and Ordinances *(continued on next page)*	Term of Employment Plus 3 Years	Field

SAFETY (continued)	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Driver Qualification File (continued): • Medical Examiner's Certificate of his/her Physical Qualification to Drive a Commercial Motor Vehicle or a Legible Photographic Copy of Certificate • A Letter from the Field Administrator, Division Administrator or State Director Granting a Waiver of a Physical Disqualification, if Waiver Issued		
Employee Medical Records (Annual Audiograms, Respirator Medical Certifications)	Term of Employment Plus 30 Years	Field
Facility Inspections (Includes Fire Inspection Reports)	Current Plus Prior 12 Months	Field
Health, Medical, Safety Data: • Blood-Borne Pathogen Exposure Records • Medical Exams • Job Related Illnesses and Injuries • Toxic Substance Exposure Records	 30 Years 30 Years 5 Years 30 Years	Field
Industrial Hygiene Air Survey Results	Indefinitely	Corporate
Industrial Hygiene Noises Survey Results	Indefinitely	Corporate
Material Safety Data Sheets (MSDS) – Active and Obsolete	30 Years Following Determination of Obsolescence	Field
OSHA 300 Log (Workpaper Injuries)	5 Years	Corporate and
OSHA 301 Supplemental Reports by Employee	5 Years	Corporate and Field
OSHA Written Compliance Programs	Indefinitely	Field
Positive Reports Summary (Drug Testing Binder)	5 Years	Corporate and Field
Republic Safety Operation Program (ReSOP) Observations	Current Plus Prior 12 Months	Field
Safety Programs Manuals (*if available)	Until Superseded	Corporate (Company-wide Master) and Field (Local Master)
Safety Training – Attendance Logs for Annual/Monthly Training (All Employees)	Current Plus Prior 12 Months	Field
Safety Training – Materials and Videos	Until Superseded	Corporate and Field
Safety Training – New Hire/Orientation Training (Personnel Files)	Term of Employment Plus 6 Years	Field
Site Visit Reports	Current Plus Prior 12 Months	Field
Traffic Citations	2 Years Following Resolutions	Field
SALES (Includes National Accounts)	**RETENTION PERIOD** **(IF "LONGER OF TAX HOLD" IS NOTED, REFER TO SECTION 7 FOR TAX HOLDS INVOLVING LEGACY ALLIED WASTE LOCATIONS)**	**APPLICABLE TO CORPORATE AND/OR FIELD**
Commercial, Industrial and Residential New Customer Reports (should include equivalent reporting for InfoPro) (*)	Longer of Tax Hold or 7 Years	Corporate
CRMS Data (*)	Longer of Tax Hold or 3 Years	Corporate (Electronic Backup of CRMS Database)
Lawson – Price Increase (PI) Trend Report (*)	7 Years	Corporate and Field
Lawson – Sales Trend Report (*)	7 Years	Corporate and Field
Market Place Sales Review by Division (*if avaliavble)	Current Version	Field
Municipal Services Agreements/Contracts – Signed	Longer of Tax Hold or Term of Contract Plus 7 Years	Field
New and Lost Customer Report – Signed	Current Plus Prior Year	Field
ROI Model (Customer Specific) (*)	Life of Customer Contract	Field
Service Agreements – Signed	Longer of Tax Hold or Term of Contract Plus 7 Years	Field
Street Price List and Related Assumptions/Facts	Current Plus Prior Version	Field
National Accounts	**RETENTION PERIOD**	**APPLICABLE TO CORPORATE**
Bid Activity (*)	7 Years	Corporate
Customer List (Spreadsheet) (*)	Longer of Tax Hold or 7 Years	Corporate
Master Contracts and Final Schedule A's	Longer of Tax Hold or Life of Contract Plus 3 Years	Corporate
Oakleaf Schedule A (*)	Life of Service of Location Plus 3 Years	Corporate
RSI Reports (*): • Customers Total Billed • Monthly/Daily Cash Receipts Summary • AR Aging Report	7 Years	Corporate

TREASURY	RETENTION PERIOD	APPLICABLE TO CORPORATE AND/OR FIELD
Account Signatory Files	Two Years After the Account Closed	Corporate
Bank Fee Reports	7 Years	Corporate
Bank Service Agreements	Term of Contract Plus 3 Years	Corporate
Daily Cash Book (*)	7 Years	Corporate
Debt Issuances and Related Records	Term of Agreement Plus 7 Years	Corporate and Field
Dividend Records	Indefinitely	Corporate
Electronic User Access Forms	Current and Prior Year	Corporate
Financial Assurance Files (Closure and Post Closure)	Indefinitely	Corporate
Letters of Credit Files	Term of Letter Plus 3 Years	Corporate
Mortgages and Notes (Expired)	10 Years After Disposition of Asset	Corporate
Republic Services, Inc. Stock (including stock certificates and transfer lists)	Indefinitely	Corporate
Tax Exempt Bond Reimbursements and Supporting Documents	Term of Bond Plus 7 Years	Corporate
Trust and Escrow Accounts and Files	Term of Agreement Plus 7 Years	Corporate and Field
Weekly Cash Forecast	Current Plus Prior Year	Corporate
Wire Transfers	7 Years	Corporate

REPUBLIC INDUSTRIES, INC.

ACQUISITION OF THE MEYER COMPANIES

NOVEMBER 26, 1996

MERGER AGREEMENT

This Merger Agreement (this "Agreement") is entered into as of November 26, 1996 by and among **REPUBLIC INDUSTRIES, INC.**, a Delaware corporation ("Republic"); **RI/MWS MERGER CORP.** ("RI/MWS"). **RI/WII MERGER CORP.** ("RI/WII"), and **RI/MMS MERGER CORP.** ("RI/MMS"), each an Indiana corporation and wholly-owned subsidiary of Republic (sometimes hereinafter collectively referred to as the "Republic Merger Subs," and together with Republic, the "Republic Companies"); **WESTCHESTER INVESTMENTS, INC.** ("Westchester"), **MEYER MECHANICAL SERVICES, INC.** ("Meyer Mechanical"), and **MEYER WASTE SYSTEMS, INC.**; ("Meyer Waste") each an Indiana corporation; and **WILLIAM E. MEYER**, and **GALE M. MEYER**, each a resident of the State of Indiana; and **EDWARD MEYER** and **DOLORES J. MEYER**, each a resident of the State of Illinois; VALERIE BRUINIUS as Trustee of the **JAMIE A. MEYER TRUST U/T/A dated November 15, 1996**; VALERIE BRUINIUS as Trustee of the **MICHELLE M. MARTIN TRUST U/T/A dated November 15, 1996**; VALERIE BRUINIUS as Trustee of the **WILLIAM E. MEYER, II TRUST U/T/A dated November 15,1996**; VALERIE BRUINIUS as Trustee of the **KATHRYN E. MEYER TRUST U/T/A dated November 15, 1996**; EDWARD MEYER, as trustee of the **EDWARD MEYER REVOCABLE TRUST U/T/A dated February 14, 1990;** and WILLIAM E. MEYER, as trustee of the **WILLIAM E. MEYER REVOCABLE TRUST U/T/A dated November 21, 1989**; who together constitute all of the shareholders of Meyer Waste, Westchester and Meyer Mechanical (collectively, the "Shareholders"). Certain other capitalized terms used herein are defined in Article XI and throughout this Agreement.

RECITALS

The Boards of Directors of Republic and the Meyer Companies (as such term is defined in Article XI hereof) have determined that it is in the best interests of their respective shareholders for Republic to acquire the Meyer Companies upon the terms and subject to the conditions set forth in this Agreement. In order to effectuate the transaction, Republic has organized the Republic Merger Subs as wholly-owned subsidiaries, and the parties have agreed, subject to the terms and conditions set forth in this Agreement, to merge the Republic Merger Subs with and into the Meyer Companies so that each of the Meyer Companies continue as surviving corporations. As a result, each of the Meyer Companies will become a wholly-owned subsidiary of Republic, and each of the Shareholders will be issued certain shares of common stock of Republic.

TERMS OF AGREEMENT

In consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

THE MERGERS

1.1 **The Mergers.** Subject to the terms and conditions of this Agreement, at the Effective Time (as defined below), and pursuant to the terms and conditions set forth in the Plans of Merger and Reorganization annexed hereto as Exhibits A, B and C (the "Plans of Merger"), the Republic Merger Subs will be merged with and into the Meyer Companies (the "Mergers") as follows:

(a) RI/MWS will be merged with and into Meyer Waste;

(b) RI/WII will be merged with and into Westchester; and

(c) RI/MMS will be merged with and into Meyer Mechanical.

The terms and conditions of the Plans of Merger are incorporated herein by reference as if fully set forth herein. As a result of the Mergers, the separate corporate existence of each of the Republic Merger Subs shall cease and each of the Meyer Companies shall continue as surviving corporations and wholly-owned subsidiaries of Republic.

1.2 **The Closing.** Subject to the terms and conditions of this Agreement, the consummation of the Mergers (the "Closing") shall take place as promptly as practicable (and in any event within five (5) business days) after satisfaction or waiver of the conditions set forth in Articles VI and VII hereof and no later than November 27, 1996, at the offices of Akerman, Senterfitt & Eidson, P.A. in Miami, Florida, or such other place as the parties may otherwise agree.

1.3 **Plans of Merger.** Pursuant to the Plans of Merger, an aggregate of 850,000 shares of common stock, $0.01 par value per share, of Republic ("Republic Common Stock") will be issued in the Mergers in exchange for all of the issued and outstanding shares of capital stock of each of the Meyer Companies as follows:

(a) 758,333 shares of Republic Common Stock will be issued in exchange for all of the issued and outstanding shares of common stock of Meyer Waste;

(b) 66,667 shares of Republic Common Stock will be issued in exchange for all of the issued and outstanding shares of common stock of Westchester; and

(c) 25,000 shares of Republic Common Stock will be issued in exchange for all of the issued and outstanding shares of common stock of Meyer Mechanical.

Notwithstanding the foregoing, if on the Effective Date, the aggregate Working Capital (as hereinafter defined) of the Meyer Companies shall be less than Three Hundred Thousand Dollars ($300,000.00) (the "Working Capital Shortfall"), then the amount of such Working Capital Shortfall shall be divided by Thirty Dollars ($30.00), and the quotient so calculated shall be deducted from the number of shares of Republic Common Stock issued hereunder as of the Effective Date (the "Working Capital Adjustment"). For purposes of this Agreement, (i) "Working Capital" of the Meyer Companies shall mean the difference between the Current Assets and Current Liabilities, and (ii) "Current Assets" and "Current Liabilities" (excluding, in the case of Current Liabilities, the current portion of long-term indebtedness) shall be determined in accordance with GAAP.

1.4 **Filing of Articles of Merger.** At the time of the Closing, the parties shall cause the Mergers to be consummated by filing duly executed Articles of Merger with the Secretary of State of the State of Indiana, in such form as Republic determines is required by and is in accordance with the relevant provisions of the Indiana Business Corporation Act (the date and time of such filing is referred to herein as the "Effective Date" or "Effective Time").

1.5 **Issuance of Republic Shares.** At the Effective Time, by virtue of the Mergers and without any further action on the part of the parties hereto, Republic shall issue to each Shareholder duly executed certificates, in valid form registered in such Shareholder's name, evidencing that number of shares of Republic Common Stock determined, to the nearest whole share, pursuant to the terms of each of the respective Plans of Merger based on the number of shares of capital stock of each of the Meyer Companies owned of record by such Shareholder as set forth on Schedule 3.5 hereto.

1.6 **Delivery of Certificates.** At the Closing, the Shareholders shall deliver the certificates representing all of the issued and outstanding shares of capital stock of each of the Meyer Companies to Republic for cancellation, and Republic shall deliver the certificates representing the shares of Republic Common Stock issued pursuant to Section 1.5 in the following manner: (i) Republic shall deliver to each such holder one or more certificates evidencing an aggregate of 807,500 shares of Republic Common Stock, and (ii) Republic shall set aside and hold in accordance with Article IX certificates evidencing 42,500 shares of Republic Common Stock (the "Held Back Shares"). The shares of Republic Common Stock, including the Held Back Shares, issuable by Republic in the Mergers are sometimes referred to herein as the "Republic Shares".

1.7 **Working Capital Adjustment.** The parties hereto hereby acknowledge and agree that the Working Capital Adjustment as of the Effective Date is a mutually agreed upon good faith estimate (which estimated amount is referred to herein as the "Estimated Amount"). Within 30 days

after the Effective Date, Republic shall prepare and deliver to the Shareholders a determination (the "Determination") of the actual amount of the Working Capital Adjustment as of the Effective Date (which actual value is referred to herein as the "Actual Amount") including the basis for such Determination. If, within 30 days after the date on which a Determination is delivered to the Shareholders, the Shareholders shall not have given written notice to Republic setting forth in detail any objection of the Shareholders to such Determination, then such Determination shall be final and binding on the parties hereto. In the event the Shareholders give written notice of any objection to such Determination within the 30-day period, Republic and the Shareholders shall use all reasonable efforts to resolve the dispute within the 30-day period following the receipt by Republic of the written notice from the Shareholders. If the parties are unable to reach an agreement within such 30-day period, the matter shall be submitted to a mutually agreed upon independent firm of certified public accountants for determination of the Actual Amount which shall be final and binding upon Republic and the Shareholders. Republic, on the one hand, and the Shareholders, on the other hand, shall contribute equally to all costs (including fees and expenses charged by the selected independent firm of certified public accountants) in connection with the resolution of any such dispute. If the Actual Amount is greater than the Estimated Amount, Republic shall be entitled to set off against the Held Back Shares the difference between the Actual Amount and the Estimated Amount (assuming a value per share for purposes of such calculation equal to the Average Closing Sale Price), which set off shall be deemed to be Indemnifiable Damages under Article IX hereof; provided, that any and all such Indemnifiable Damages shall not be applied against or subject to the Indemnification Threshold (as such term is defined in Article IX hereof).

1.8 **Special Holdback.** Notwithstanding anything to the contrary set forth in this Agreement, the parties hereby agree that, at Closing, Republic shall set aside and hold, in accordance with this Section, 13,333 additional shares of Republic Common Stock issued to the Shareholders pursuant to Section 1.5 (the "Additional Held Back Shares") until such time that Republic shall receive written evidence from the Shareholders, in substance and form satisfactory to Republic in its reasonable discretion, that any relevant period of limitations (including any extensions thereof pursuant to the delivery of waivers of the applicable period of limitations) with respect to the assessment of additional Taxes by the State of Indiana in connection with the taxable amounts and for the taxable periods more particularly described in Schedule 3.19 attached hereto (the "Additional Taxes") has expired. Upon Republic's receipt of such written evidence with respect to any relevant taxable period, Republic shall promptly deliver to the Shareholders one-third (⅓) of such Additional Held Back Shares (or the proceeds from such Additional Held Back Shares) less any Indemnifiable Damages incurred by Republic relating to or arising from the Additional Taxes. After the Additional Held Back Shares are registered and any restrictions on sale imposed under the Securities Act or otherwise are terminated, the Shareholders may, not more than once, instruct Republic to sell some or all of the Additional Held Back Shares and the net proceeds thereof shall be held in an interest-bearing account mutually acceptable to Republic and the Shareholders and shall be substituted for such Additional Held Back Shares in any setoff to be made by Republic pursuant to any claim under this Section, subject to continued compliance with any applicable SEC and other regulations. Republic shall utilize reasonable best efforts to promptly sell the Additional Held Back Shares following the Shareholders' written instruction to sell such Additional Held Back Shares. Any

Additional Held Back Shares not sold as provided in this Section shall be valued at the Average Closing Sale Price. Notwithstanding the foregoing, in the event the Shareholders present to Republic written evidence, in form and substance satisfactory to Republic in its reasonable discretion, that such Shareholders were successful with respect to that certain claim for reimbursement of use taxes paid to the State of Indiana with respect to the taxable periods 1990, 1991 and 1992, all as more particularly described on Schedule 3.19, Republic shall promptly deliver to the Shareholders all Additional Held Back Shares (or the proceeds from such Additional Held Back Shares) less any Indemnifiable Damages incurred by Republic relating to or arising from the Additional Taxes. If the Additional Held Back Shares are insufficient to set off any claim for Indemnifiable Damages (or have been delivered to the Shareholders prior to the making or resolution of such claim), then Republic may take any action or exercise any remedy available to it under the terms of this Agreement to collect the Indemnifiable Damages.

1.9 Accounting and Tax Treatment. The parties hereto acknowledge and agree that the transactions contemplated hereby shall be treated for accounting purposes as pooling of interests business combinations and for tax purposes as a tax-free reorganization under Section 368(a) of the Code.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE REPUBLIC COMPANIES

As a material inducement to each of the Shareholders to enter into this Agreement and to consummate the transactions contemplated hereby, each of the Republic Companies jointly and severally makes the following representations and warranties to the Shareholders:

2.1 Corporate Status. Republic is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of the Republic Merger Subs is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation. Each of the Republic Merger Subs is a wholly-owned subsidiary of Republic.

2.2 Corporate Power and Authority. Each of the Republic Companies has the corporate power and authority to execute and deliver this Agreement, to perform its respective obligations hereunder and to consummate the transactions contemplated hereby. Each of the Republic Companies has taken all action necessary to authorize its execution and delivery of this Agreement, the performance of its respective obligations hereunder and the consummation of the transactions contemplated hereby.

2.3 Enforceability. This Agreement has been duly executed and delivered by each of the Republic Companies and constitutes a legal, valid and binding obligation of each of the Republic Companies, enforceable against each of the Republic Companies in accordance with its terms, except

as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles regardless of whether such enforceability is considered in a proceeding at law or in equity.

2.4 **Republic Common Stock.** Upon consummation of the Mergers and the issuance and delivery of certificates representing the Republic Shares to the Shareholders, the Republic Shares will be validly issued, fully paid and non-assessable shares of Republic Common Stock free and clear of any Liens, claims and restrictions of any kind except for restrictions imposed by this Agreement with respect to the Held Back Shares and any restrictions imposed on the Republic Shares pursuant to any law, rule, order or regulation promulgated or issued by any applicable Governmental Authority or any Lien, claims and restrictions imposed on the Republic Shares by or through the Shareholders or any action taken by any of them.

2.5 **No Commissions.** None of the Republic Companies has incurred any obligation for any finder's or broker's or agent's fees or commissions or similar compensation in connection with the transactions contemplated hereby.

2.6 **SEC Reports.** Republic has delivered to the Shareholders its (i) Annual Report on Form 10-K for the year ended December 31, 1995, and (ii) Quarterly Reports on Form 10-Q for the periods ended March 31, 1996, June 30, 1996 and September 30, 1996, each in the form (including exhibits) filed with the SEC (collectively, the "SEC Reports"). As of their respective dates, the SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. Republic has filed all material reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding twelve (12) months.

2.7 **Tax Matters.** Republic does not know of any circumstances relating to Republic or its Affiliates that would prevent the transactions contemplated hereby from qualifying as a reorganization within the meaning of Section 368 of the Code, provided that Republic makes no affirmative representations or warranties as to any circumstances relating to the Meyer Companies or the Shareholders or any actions taken or agreed to be taken by any of them that would prevent the transactions contemplated hereby from qualifying as a reorganization within the meaning of Section 368 of the Code. Both at execution and at Closing, Republic presently has no plan or intention (a) to sell or dispose of any of the assets or properties of the Meyer Companies, except dispositions in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code, (b) to liquidate the Meyer Companies, (c) to merge the Meyer Companies with or into another corporation or corporations, (d) to sell or otherwise dispose of the stock of the Meyer Companies except for transfers of stock to a corporation or corporations "controlled" (within the meaning of Section 368 of the Code) by Republic, or (e) to cause the Meyer Companies to issue additional shares of stock that would result in Republic losing "control" (within the meaning of Section 368 of the Code) of the Meyer Companies. Following the Effective Time, Republic intends to continue the historic business of the Meyer Companies or use a significant portion of the Meyer Companies' historic

business assets in a business, and presently does not intend to reacquire any of the Republic Common Stock. Immediately prior to the Mergers, Republic will own all of the outstanding stock of the Republic Merger Subs. Further, the assets and liabilities of the Republic Merger Subs as of the time immediately preceding the Closing will represent all of the assets and liabilities ever held by the Republic Merger Subs.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

As a material inducement to each of the Republic Companies to enter into this Agreement and to consummate the transactions contemplated hereby, each of the Shareholders jointly and severally makes the following representations and warranties to Republic:

3.1 **Corporate Status.** Each of the Meyer Companies is a corporation or limited liability company duly organized and validly existing under the laws of the state of its incorporation and has the requisite power and authority to own or lease its properties and to carry on its business as now being conducted. Each of the Meyer Companies is legally qualified to transact business as a foreign corporation in all jurisdictions where the nature of its properties and the conduct of its business requires such qualification (all of which jurisdictions are listed on Schedule 3.1) and is in good standing in each of the jurisdictions in which it is so qualified. There is no pending or threatened proceeding for the dissolution, liquidation, insolvency or rehabilitation of any of the Meyer Companies.

3.2 **Power and Authority.** Each of the Meyer Companies has the power and authority to execute and deliver this Agreement, to perform its respective obligations hereunder and to consummate the transactions contemplated hereby. Each of the Meyer Companies has taken all action necessary to authorize the execution and delivery of this Agreement, the performance of its respective obligations hereunder and the consummation of the transactions contemplated hereby. Each of the Shareholders resides in the State of Indiana (except with respect to Dolores J. Meyer and Edward Meyer who are residents of the State of Illinois) and has the requisite competence, power and authority to execute and deliver this Agreement, to perform their respective obligations hereunder and to consummate the transactions contemplated hereby.

3.3 **Enforceability.** This Agreement has been duly executed and delivered by each of the Meyer Companies and the Shareholders, and constitutes the legal, valid and binding obligation of each of them, enforceable against them in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles regardless of whether such enforceability is considered in a proceeding at law or in equity.

3.4 Capitalization. Schedule 3.4 sets forth, with respect to each of the Meyer Companies, (a) the number of authorized shares of each class of its capital stock or other equity interests, (b) the number of issued and outstanding shares of each class of its capital stock or other equity interests, and (c) the number of shares of each class of its capital stock which are held in treasury. All of the issued and outstanding shares of capital stock or other equity interests of each of the Meyer Companies (i) have been duly authorized and validly issued and are fully paid and non-assessable, (ii) were issued in compliance with all applicable state and federal laws, and (iii) were not issued in violation of any preemptive rights or rights of first refusal. Except as set forth on Schedule 3.4, no preemptive rights or rights of first refusal exist with respect to the shares of capital stock or other equity interests of any of the Meyer Companies and no such rights arise by virtue of or in connection with the transactions contemplated hereby. There are no outstanding or authorized rights, options, warrants, convertible securities, subscription rights, conversion rights, exchange rights or other agreements or commitments of any kind that could require any of the Meyer Companies to issue or sell any shares of its capital stock (or securities convertible into or exchangeable for shares of its capital stock) or other equity interests. There are no outstanding stock appreciation, phantom stock or other similar rights with respect to any of the Meyer Companies. There are no proxies, voting rights or other agreements or understandings with respect to the voting or transfer of the capital stock or other equity interests of any of the Meyer Companies. None of the Meyer Companies is obligated to redeem or otherwise acquire any of its outstanding shares of capital stock or other equity interests.

3.5 Shareholders of the Company. Schedule 3.5 sets forth, with respect to each of the Meyer Companies, (a) the name, address and federal taxpayer identification number of, and the number of outstanding shares of each class of its capital stock owned by, each shareholder of record as of the close of business on the date of this Agreement; and (b) the name, address and federal taxpayer identification number of, and number of shares of each class of its capital stock beneficially owned by, each beneficial owner of outstanding shares of capital stock (to the extent that record and beneficial ownership of any such shares are different). The Shareholders constitute all of the holders of all issued and outstanding shares of capital stock of all of the Meyer Companies, and each of the Shareholders owns such shares as is set forth on Schedule 3.5, free and clear of all Liens, restrictions and claims of any kind.

3.6 No Violation. Except as set forth on Schedule 3.6, the execution and delivery of this Agreement by each of the Meyer Companies and the Shareholders, the performance by them of their respective obligations hereunder and the consummation by them of the transactions contemplated by this Agreement will not (i) contravene any provision of the articles of incorporation or bylaws of any of the Meyer Companies, (ii) violate or conflict with any law, statute, ordinance, rule, regulation, decree, writ, injunction, judgment or order of any Governmental Authority or of any arbitration award which is either applicable to, binding upon or enforceable against any of the Meyer Companies or any of the Shareholders, (iii) conflict with, result in any breach of, or constitute a default (or an event which would, with the passage of time or the giving of notice or both, constitute a default) under, or give rise to a right to terminate, amend, modify, abandon or accelerate, any Contract which is applicable to, binding upon or enforceable against any of the Meyer Companies

or any of the Shareholders, (iv) result in or require the creation or imposition of any Lien upon or with respect to any of the property or assets of any of the Meyer Companies, or (v) to the knowledge of the Shareholders, require the consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, any court or tribunal or any other Person.

3.7 Records of the Company. The copies of the respective articles of incorporation and bylaws of the Meyer Companies which were provided to Republic are true, accurate and complete and reflect all amendments made through the date of this Agreement. The minute books for each of the Meyer Companies made available to Republic for review were correct and complete in all material respects as of the date of such review, no further entries have been made through the date of this Agreement, such minute books contain the true signatures of the persons purporting to have signed them, and such minute books contain an accurate record of all material corporate actions of the shareholders and directors (and any committees thereof) of each of the Meyer Companies taken by written consent or at a meeting since incorporation. All material corporate actions taken by any of the Meyer Companies have been duly authorized or ratified. All accounts, books, ledgers and official and other records of the Meyer Companies have been fully, properly and accurately kept and completed in all material respects, and there are no material inaccuracies or discrepancies of any kind contained therein. The stock ledgers of the Meyer Companies, as previously made available to Republic, contain accurate and complete records of all issuances, transfers and cancellations of shares of the capital stock or other equity interests of the Meyer Companies.

3.8 Subsidiaries. Except as set forth on Schedule 3.8, none of the Meyer Companies owns, directly or indirectly, any outstanding voting securities of or other interests in, or controls, any other corporation, partnership, joint venture or other business entity.

3.9 Financial Statements. The Shareholders have delivered to Republic the following financial statements of the Meyer Companies: (a) the internally prepared Financial Statements of Meyer Waste for the period ended October 31, 1996; (b) the internally prepared Financial Statements of Westchester for the period ended October 31, 1996; and (c) the internally prepared Financial Statements of Meyer Mechanical for the period ended October 31, 1996; copies of which are attached to Schedule 3.9 hereto. The balance sheets of Meyer Waste, Westchester, and Meyer Mechanical dated as of October 31, 1996, included in the Financial Statements are referred to herein as the "Current Balance Sheet." The Financial Statements fairly present the financial position of each of the Meyer Companies at each of the balance sheet dates and the results of operations for the periods covered thereby. Except as specifically set forth in this Agreement or the Schedules attached hereto, the books and records of the Meyer Companies fully and fairly reflect all of their respective transactions, properties, assets and liabilities. There are no material special or non-recurring items of income or expense during the periods covered by the Financial Statements and the balance sheets included in the Financial Statements do not reflect any writeup or revaluation increasing the book value of any assets, except as specifically disclosed in the notes thereto. The Financial Statements reflect all adjustments necessary for a fair presentation of the financial information contained therein.

3.10 Changes Since the Current Balance Sheet Date. Except as set forth on Schedule 3.10, since the date of the respective Current Balance Sheet for each of the Meyer Companies, none of the Meyer Companies has (i) issued any capital stock or other securities; (ii) made any distribution of or with respect to its capital stock or other securities or purchased or redeemed any of its securities; (iii) paid any bonus to or increased the rate of compensation of any of its officers or salaried employees or amended any other terms of employment of such persons except in the ordinary course of business consistent with past practice; (iv) sold, leased or transferred any of its properties or assets other than in the ordinary course of business consistent with past practice; (v) made or obligated itself to make capital expenditures out of the ordinary course of business consistent with past practice; (vi) made any payment in respect of its liabilities other than in the ordinary course of business consistent with past practice; (vii) incurred any obligations or liabilities (including any indebtedness) or entered into any transaction or series of transactions involving in excess of $25,000 in the aggregate out of the ordinary course of business, except for this Agreement and the transactions contemplated hereby; (viii) suffered any theft, damage, destruction or casualty loss, not covered by insurance and for which a timely claim was filed, in excess of $25,000 in the aggregate; (ix) suffered any extraordinary losses (whether or not covered by insurance); (x) waived, canceled, compromised or released any rights having a value in excess of $25,000 in the aggregate; (xi) made or adopted any change in its accounting practice or policies; (xii) made any adjustment to its books and records other than in respect of the conduct of its business activities in the ordinary course consistent with past practice; (xiii) entered into any transaction with any Affiliate other than intercompany transactions in the ordinary course of business consistent with past practice; (xiv) entered into any employment agreement; (xv) terminated, amended or modified any agreement involving an amount in excess of $25,000; (xvi) imposed any security interest or other Lien on any of its assets other than in the ordinary course of business consistent with past practice; (xvii) delayed paying any accounts payable which is due and payable except to the extent being contested in good faith; (xviii) made or pledged any charitable contribution other than in the ordinary course of business consistent with past practice; (xix) entered into any other transaction or been subject to any event which has or may have a Material Adverse Effect on any of the Meyer Companies; or (xx) agreed to do or authorized any of the foregoing.

3.11 Liabilities and Net Worth of the Meyer Companies. The Meyer Companies do not have any liabilities or obligations, whether accrued, absolute, contingent or otherwise, except (a) to the extent reflected or taken into account in the Current Balance Sheet and not heretofore paid or discharged, (b) to the extent specifically set forth in or incorporated by express reference in any of the Schedules attached hereto, (c) liabilities incurred in the ordinary course of business consistent with past practice since the date of the Current Balance Sheet (none of which relates to breach of contract, breach of warranty, tort, infringement or violation of law, or which arose out of any action, suit, claim, governmental investigation or arbitration proceeding), (d) normal accruals, reclassifications, and audit adjustments which would be reflected on an audited financial statement and which would not be material in the aggregate, and (e) liabilities incurred in the ordinary course of business prior to the date of the Current Balance Sheet which, in accordance with GAAP consistently applied, were not recorded thereon. The aggregate amount of indebtedness of the Meyer Companies for borrowed money, including principal and accrued but unpaid interest, shall be zero

as of the Effective Time. The remaining payments on capitalized equipment leases of the Meyer Companies will not exceed $1,600,000.00, and their combined net worth will be no less than $3,900,000.00, as of the Effective Time.

3.12 Litigation. Except as set forth in Schedule 3.12, there is no action, suit, or other legal or administrative proceeding or governmental investigation pending, threatened or anticipated against, by or affecting any of the Meyer Companies, or any of their respective properties or assets, or the Shareholders, or which question the validity or enforceability of this Agreement or the transactions contemplated hereby, and there is no basis for any of the foregoing. There are no outstanding orders, decrees or stipulations issued by any Governmental Authority in any proceeding to which the Meyer Companies is or was a party which have not been complied with in full or which continue to impose any material obligations on the Meyer Companies.

3.13 Environmental Matters.

(a) The Company is and has at all times been in compliance with all Environmental, Health and Safety Laws (as defined herein) governing its business, operations, properties and assets, including, without limitation, Environmental, Health and Safety Laws with respect to discharges into the ground water, surface water and soil, emissions into the ambient air, and generation, accumulation, storage, treatment, transportation, transfer, labeling, handling, manufacturing, use, spilling, leaking, dumping, discharging, release or disposal of Hazardous Substances (as defined herein), or other Waste (as described herein). The Company is not currently liable for any penalties, fines or forfeitures for failure to comply with any Environmental, Health and Safety Laws. The Company is in full compliance with all notice, record keeping and reporting requirements of all Environmental, Health and Safety Laws, and has complied with all informational requests or demands arising under the Environmental, Health and Safety Laws.

(b) The Company has obtained, or caused to be obtained, and is in full compliance with, all licenses, certificates, permits, approvals and registrations (collectively "Licenses") required by the Environmental, Health and Safety Laws for the ownership of its properties and assets and the operation of its business as presently conducted, including, without limitation, all air emission, water discharge, water use and solid waste, hazardous waste and other Waste generation, transportation, transfer, storage, treatment or disposal Licenses, and the Company is in full compliance with all the terms, conditions and requirements of such Licenses, and copies of such Licenses have been provided to Republic. Except as set forth in Schedule 3.13(b), there are no administrative or judicial investigations, notices, claims or other proceedings pending or threatened by any Governmental Authority or third parties against the Company, its businesses, operations, properties, or assets, which question the validity or entitlement of the Company to any License required by the Environmental, Health and Safety Laws for the ownership of each of the properties and assets of the Company and the operation of its business or wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect on the Company, or which would impose any liability upon the Republic Companies in the event that the Mergers contemplated by this Agreement close.

(c) Except as set forth in Schedule 3.13(c), the Company has not received and is not aware of any non-compliance order, warning letter, notice of violation, claim, suit, action, judgment, or administrative or judicial proceeding pending against or involving the Company, its business, operations, properties, or assets, issued by any Governmental Authority or third party with respect to any Environmental, Health and Safety Laws in connection with the ownership by the Company of its properties or assets or the operation of its business, which has not been resolved to the satisfaction of the issuing Governmental Authority or third party in a manner that would not impose any obligation, burden or continuing liability on the Republic Companies in the event that the Mergers contemplated by this Agreement close, or which could have a Material Adverse Effect on the Company.

(d) The Company is in full compliance with, and is not in breach of or default under any applicable writ, order, judgment, injunction, governmental communication or decree issued pursuant to the Environmental, Health and Safety Laws and no event has occurred or is continuing which, with the passage of time or the giving of notice or both, would constitute such non-compliance, breach or default thereunder, or affect the Owned Properties (as hereinafter defined) or Leased Premises (as hereinafter defined).

(e) Except as set forth in Schedule 3.13(e), the Company has not generated, manufactured, used, transported, transferred, stored, handled, treated, spilled, leaked, dumped, discharged, released or disposed, nor has it allowed or arranged for any third parties to generate, manufacture, use, transport, transfer, store, handle, treat, spill, leak, dump, discharge, release or dispose of, Hazardous Substances or other waste to or at any location other than a site lawfully permitted to receive such Hazardous Substances or other waste for such purposes, nor has it performed, arranged for or allowed by any method or procedure such generation, manufacture, use, transportation, transfer, storage, treatment, spillage, leakage, dumping, discharge, release or disposal in contravention of any Environmental, Health and Safety Laws . The Company has not generated, manufactured, used, stored, handled, treated, spilled, leaked, dumped, discharged, released or disposed of, or allowed or arranged for any third parties to generate, manufacture, use, store, handle, treat, spill, leak, dump, discharge, release or dispose of, Hazardous Substances or other waste upon property owned or leased by it, except as permitted by law. For purposes of this Section the term "Hazardous Substances" shall be construed broadly to include any toxic or hazardous substance, material, or waste, and any other contaminant, pollutant or constituent thereof, whether liquid, solid, semi-solid, sludge and/or gaseous, including without limitation, chemicals, compounds, by-products, pesticides, asbestos containing materials, petroleum or petroleum products, and polychlorinated biphenyls, the presence of which requires investigation or remediation under any Environmental, Health and Safety Laws or which are or become regulated, listed or controlled by, under or pursuant to any Environmental Health and Safety Laws, including, without limitation, the United States Department of Transportation Table (49 CFR 172, 101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and any amendments thereto; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. §9601, et seq. (hereinafter collectively "CERCLA"); the Solid Waste Disposal Act, as amended by the Resource Conservation and

Recovery Act of 1976 and subsequent Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (hereinafter, collectively "RCRA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Clean Water Act, as amended, 33 U.S.C. §1311, et seq.; the Clean Air Act, as amended (42 U.S.C. §7401-7642); Toxic Substances Control Act, as amended, 15 U.S.C. §2601 et seq; the Federal Insecticide, Fungicide, and Rodenticide Act as amended, 7 U.S.C. §136-136y ("FIFRA"); the Emergency Planning and Community Right-to-Know Act of 1986 as amended, 42 U.S.C. §11001, et seq. (Title III of SARA) ("EPCRA"); the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §651, et seq. ("OSHA"); any similar state statute, or any future amendments to, or regulations implementing such statutes, laws, ordinances, codes, rules, regulations, orders, rulings, or decrees, or which has been or shall be determined or interpreted at any time by any Governmental Authority to be a hazardous or toxic substance regulated under any other statute, law, regulation, order, code, rule, order, or decree. For purposes of this Section the term "Waste" shall be construed broadly to include agricultural wastes, biomedical wastes, biological wastes, bulky wastes, construction and demolition debris, garbage, household wastes, industrial solid wastes, liquid wastes, recyclable materials, sludge, solid wastes, special wastes, used oils, white goods, and yard trash.

(f) Except as set forth on Schedule 3.13(f), the Company has not caused, or allowed to be caused or permitted, either by action or inaction, a Release or Discharge, or threatened Release or Discharge, of any Hazardous Substance on, into or beneath the surface of any parcel of the Owned Properties or the Leased Premises. Except as set forth on Schedule 3.13(f), there has not occurred, nor is there presently occurring, a Release or Discharge, or threatened Release or Discharge, of any Hazardous Substance on, into or beneath the surface of any parcel of the Owned Properties or the Leased Premises. For purposes of this Section, the terms "Release" and "Discharge" shall have the meanings given them in the Environmental, Health and Safety Laws.

(g) The Company has not generated, handled, manufactured, treated, stored, used, shipped, transported, transferred, or disposed of, nor has it allowed or arranged, by contract, agreement or otherwise, for any third parties to generate, handle, manufacture, treat, store, use, ship, transport, transfer or dispose of, any Hazardous Substance or other Waste to or at a site which, pursuant to CERCLA or any similar state law (i) has been placed on the National Priorities List or its state equivalent; or (ii) the Environmental Protection Agency or the relevant state agency has notified the Company that it has proposed or is proposing to place on the National Priorities List or its state equivalent. Neither the Company nor the Shareholders has received notice, and neither the Company nor the Shareholders has knowledge of any facts which could give rise to any notice, that the Company is a potentially responsible party for a federal or state environmental cleanup site or for corrective action under CERCLA, RCRA or any other applicable Environmental Health and Safety Laws. The Company has not submitted nor was required to submit any notice pursuant to Section 103(c) of CERCLA with respect to the Leased Premises or the Owned Properties. The Company has not received any written or oral request for information in connection with any federal or state environmental cleanup site, or in connection with any of the real property or premises where the Company has transported, transferred or disposed of other Wastes. The Company has not been required to and has not undertaken any response or remedial actions or clean-up actions of any kind

at the request of any Governmental Authorities or at the request of any other third party. The Company has no liability under any Environmental, Health and Safety Laws for personal injury, property damage, natural resource damage, or clean up obligations.

(h) Except as set forth in Schedule 3.13(h), the Company does not use, nor has it used, any Aboveground Storage Tanks or Underground Storage Tanks, and there are not now nor have there ever been any Underground Storage Tanks on the Leasehold Premises or the Owned Properties. For purposes of this Section, the terms "Aboveground Storage Tanks" and "Underground Storage Tanks" shall have the meanings given them in Section 6901 et seq., as amended, of RCRA, or any applicable state or local statute, law, ordinance, code, rule, regulation, order ruling, or decree governing Aboveground Storage Tanks or Underground Storage Tanks.

(i) Schedule 3.13(i) identifies (i) all environmental audits, assessments or occupational health studies undertaken by the Company or its agents or, to the knowledge of the Company or the Shareholders, undertaken by any Governmental Authority, or any third party, relating to or affecting the Company or any of the Leased Premises or the Owned Properties; (ii) the results of any ground, water, soil, air or asbestos monitoring undertaken by the Company or its agents or, to the knowledge of the Company or the Shareholders, undertaken by any Governmental Authority or any third party, relating to or affecting the Company or any of the Leased Premises or the Owned Properties; (iii) all written communications between the Company and any Governmental Authority arising under or related to Environmental, Health and Safety Laws; and (iv) all citations issued under OSHA, or similar state or local statutes, laws, ordinances, codes, rules, regulations, orders, rulings, or decrees, relating to or affecting either of the Company or any of the Leased Premises or the Owned Properties.

(j) To the best of the Shareholders' knowledge, Schedule 3.13(j) contains a list of the assets of the Company which contain "asbestos" or "asbestos-containing material" (as such terms are identified under the Environmental, Health and Safety Laws). Schedule 3.13 also identifies (i) the degree of friability of all existing asbestos and asbestos-containing material and (ii) all actions taken by the Company, directly or indirectly, or by any of their agents, employees, representatives or contractors with respect to asbestos or asbestos-containing materials, including but not limited to all methods and manner of abatement, removal, containment, encapsulation, repair, maintenance, renovation, demolition, salvage, installation, storage, transportation, disposal, monitoring, spill/emergency clean-up, protective health and safety measures and training of personnel (whether employees or independent contractors or otherwise). The Company has operated and continues to operate in compliance with all Environmental, Health and Safety Laws governing the handling, use and exposure to and disposal of asbestos or asbestos-containing materials. There are no claims, actions, suits, governmental investigations or proceedings before any Governmental Authority or third party pending, or threatened against or directly affecting the Company, or any of its assets or operations relating to the use, handling or exposure to and disposal of asbestos or asbestos-containing materials in connection with their assets and operations.

(k) As used in this Agreement, "Environmental, Health and Safety Laws" means all federal, state, regional or local statutes, laws, rules, regulations, codes, orders, plans, injunctions, decrees, rulings, and changes or ordinances or judicial or administrative interpretations thereof, whether currently in existence or hereafter enacted or promulgated, any of which govern (or purport to govern) or relate to pollution, protection of the environment, public health and safety, air emissions, water discharges, hazardous or toxic substances, solid or hazardous waste or occupational health and safety, as any of these terms are or may be defined in such statutes, laws, rules, regulations, codes, orders, plans, injunctions, decrees, rulings and changes or ordinances, or judicial or administrative interpretations thereof, including, without limitation, RCRA, CERCLA, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, the Clean Water Act, FIFRA, EPCRA and OSHA.

(l) Schedule 3.13(l) identifies the operations and activities, and locations thereof, which have been conducted and are being conducted by the Company on any of the Owned Properties or the Leased Premises which have involved the generation, accumulation, storage, treatment, transportation, labeling, handling, manufacturing, use, spilling, leaking, dumping, discharging, release or disposal of Hazardous Substances.

(m) Schedule 3.13(m) identifies the locations to which the Company has within the past five (5) years transferred, transported, hauled, moved, or disposed of Waste and a best efforts estimation of the types and volumes of Waste transferred, transported, hauled, moved, or disposed of to each such location.

(n) As used in this Section, the term "the Company" is deemed to refer to any and all of the Meyer Companies.

3.14 Real Estate

(a) None of the Meyer Companies own any real property or any interest therein except as set forth on Schedule 3.14(a) (the "Owned Properties"), which Schedule sets forth the location and size of, and principal improvements and buildings on, the Owned Properties, together with a list of all title insurance policies relating to such properties, all of which policies have previously been delivered or made available to Republic by the Meyer Companies. With respect to each such parcel of Owned Property:

(i) except as set forth on Schedule 3.14(a), one of the Meyer Companies has good and marketable title to each parcel of Owned Property, free and clear of any Lien other than (x) liens for real estate taxes not yet due and payable; (y) recorded easements, covenants, and other restrictions which do not impair the current use, occupancy or value of the property subject thereto, and (z) encumbrances and restrictions described in the title insurance policies listed on Schedule 3.14(a);

(ii) there are no pending or, threatened condemnation proceedings, suits or administrative actions relating to the Owned Properties or other matters affecting adversely the current use, occupancy or value thereof;

(iii) to the knowledge of the Shareholders after due and diligent inquiry, the legal descriptions for the parcels of Owned Property contained in the deeds thereof describe such parcels fully and adequately. The buildings and improvements are located within the boundary lines of the described parcels of land, are not in violation of applicable setback requirements, local comprehensive plan provisions, zoning laws and ordinances (and none of the properties or buildings or improvements thereon are subject to "permitted non-conforming use" or "permitted non-conforming structure" classifications), building code requirements, permits, licenses or other forms of approval by any Governmental Authority, and do not encroach on any easement which may burden the land; the land does not serve any adjoining property for any purpose inconsistent with the use of the land; and the Owned Properties are not located within any flood plain (such that a mortgagee would require a mortgagor to obtain flood insurance) or subject to any similar type restriction for which any permits or licenses necessary to the use thereof have not been obtained;

(iv) all facilities have received all approvals of Governmental Authorities (including licenses and permits) required in connection with the ownership or operation thereof and have been operated and maintained in accordance with applicable laws, ordinances, rules and regulations;

(v) except as set forth on Schedule 3.14(a), there are no Contracts granting to any party or parties the right of use or occupancy of any portion of the parcels of Owned Property;

(vi) there are no outstanding options or rights of first refusal to purchase the parcels of Owned Property, or any portion thereof or interest therein;

(vii) there are no parties (other than the Meyer Companies) in possession of the parcels of Owned Property;

(viii) all facilities located on the parcels of Owned Property are supplied with utilities and other services necessary for the operation of such facilities, including gas, electricity, water, telephone, sanitary sewer and storm sewer, all of which services are, to the knowledge of the Shareholders, adequate in accordance with all applicable laws, ordinances, rules and regulations, and are provided via public roads or via permanent, irrevocable, appurtenant easements benefitting the parcels of Owned Property;

(ix) each parcel of Owned Property abuts on and has direct vehicular access to a public road, or has access to a public road via a permanent, irrevocable, appurtenant easement benefitting the parcel of Owned Property; access to the property is provided by paved public right-of-way with adequate curb cuts available; and there is no pending or threatened termination of the foregoing access rights;

(x) all improvements and buildings on the Owned Property are in good repair and are safe for occupancy and use, free from termites or other wood-destroying organisms; the roofs thereof are watertight; and the structural components and systems (including plumbing, electrical, air conditioning/heating, and sprinklers) are in good working order and adequate for the use of such Owned Property in the manner in which presently used;

(xi) there are no service contracts, management agreements or similar agreements which affect the parcels of Owned Property; and

(xii) none of the Meyer Companies has received notice of (a) any condemnation proceeding with respect to any parcel of the Owned Property or any access thereto, and no such proceeding is contemplated by any Governmental Authority; or (b) any special assessment which may affect any of the Owned Property, and no such special assessment is contemplated by any Governmental Authority.

(b) Schedule 3.14(b) sets forth a list of all leases, licenses or similar agreements ("Leases") to which any of the Meyer Companies is a party (copies of which have previously been furnished to Republic), in each case, setting forth (a) the lessor and lessee thereof and the date and term of each of the Leases, (b) the legal description, including street address, of each property covered thereby, and (c) a brief description (including size and function) of the principal improvements and buildings thereon (the "Leased Premises"), all of which are within the property set-back and building lines of the respective property. Except as set forth on Schedule 3.14(b), the Leases are in full force and effect and have not been amended, and no party thereto is in default or breach under any such Lease. No event has occurred which, with the passage of time or the giving of notice or both, would cause a material breach of or default under any of such Leases. There is no breach or anticipated breach by any other party to such Leases. With respect to each such Leased Premises:

(i) one of the Meyer Companies has valid leasehold interests in the Leased Premises, free and clear of any Liens, covenants and easements or title defects of any nature whatsoever;

(ii) the portions of the buildings located on the Leased Premises that are used in the business of any of the Meyer Companies are each in good repair and condition, normal wear and tear excepted, and are in the aggregate sufficient to

satisfy such company's current and reasonably anticipated normal business activities as conducted thereat; and

(iii) each of the Leased Premises (a) has direct access to public roads or access to public roads by means of a perpetual access easement, such access being sufficient to satisfy the current and reasonably anticipated normal transportation requirements of the business as presently conducted at such parcel; and (b) is served by all utilities in such quantity and quality as are sufficient to satisfy the current normal business activities as conducted at such parcel.

3.15 Good Title to and Condition of Assets

(a) Except as set forth on Schedule 3.15(a), the Meyer Companies have good and marketable title to all of their respective Assets (as hereinafter defined), free and clear of any Liens or restrictions on use. For purposes of this Agreement, the term "Assets" means all of the properties and assets of the Meyer Companies, other than the Owned Properties and the Leased Premises, whether personal or mixed, tangible or intangible, wherever located.

(b) The Fixed Assets (as hereinafter defined) currently in use or necessary for the business and operations of each of the Meyer Companies are in good operating condition, normal wear and tear excepted, and have been maintained substantially in accordance with all applicable manufacturer's specifications and warranties. For purposes of this Agreement, the term "Fixed Assets" means all vehicles, machinery, equipment, tools, supplies, leasehold improvements, furniture and fixtures used by or located on the premises of any of the Meyer Companies or set forth on the Current Balance Sheet or acquired by any of the Meyer Companies since the date of the Current Balance Sheet. Schedule 3.15(b) lists the vehicles owned, leased or used by the Meyer Companies, setting forth the make, model, description of body and chassis, vehicle identification number, and year of manufacture, and for each vehicle, whether it is owned or leased, and if owned, the name of any lienholder and the amount of the lien, and if leased, the name of the lessor and the general terms of the lease, and, whether owned or leased, if it is used to transport, transfer, handle, dispose or haul Waste materials.

3.16 Compliance with Laws.

(a) Except as more specifically set forth in Sections 3.13 and 3.18 hereof, each of the Meyer Companies is and has been in compliance with all laws, regulations and orders applicable to it, its business and operations (as conducted by it now and in the past), the Assets, the Fixed Assets, the Owned Properties and the Leased Premises and any other properties and assets (in each case owned or used by it now or in the past). Except as set forth on Schedule 3.16, none of the Meyer Companies has been cited, fined or otherwise notified of any asserted past or present failure to comply with any laws, regulations or orders and no proceeding with respect to any such violation is pending or threatened.

(b) None of the Meyer Companies, or any of their employees or agents, has made any payment of funds in connection with their business which is prohibited by law, and no funds have been set aside to be used in connection with their business for any payment prohibited by law.

(c) Each of Meyer Companies is and at all times has been in full compliance with the terms and provisions of the Immigration Reform and Control Act of 1986, as amended (the "Immigration Act"). With respect to each Employee (as defined in 8 C.F.R. 274a.1(f)) of the Meyer Companies for whom compliance with the Immigration Act by any of them as employer is required, such company has on file a true, accurate and complete copy of (i) each Employee's Form I-9 (Employment Eligibility Verification Form) and (ii) all other records, documents or other papers prepared, procured and/or retained by such company pursuant to the Immigration Act. None of the Meyer Companies has been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order, nor has any action or administrative proceeding been initiated or threatened against any of them, by the Immigration and Naturalization Service by reason of any actual or alleged failure to comply with the Immigration Act.

(d) Except as set forth in Schedule 3.16(d), none of the Meyer Companies is subject to any Contract, decree or injunction in which any such company is a party which restricts the continued operation of any business or the expansion thereof to other geographical areas, customers and suppliers or lines of business.

3.17 Labor and Employment Matters. Schedule 3.17 sets forth the name, address, social security number and current rate of compensation of each of the employees of the Meyer Companies. Except as set forth in Schedule 3.17, none of the Meyer Companies is a party to or bound by any collective bargaining agreement or any other agreement with a labor union, and there has been no effort by any labor union during the 24 months prior to the date hereof to organize any employees of the Meyer Companies into one or more collective bargaining units. Except as set forth in Schedule 3.17, there is no pending or threatened labor dispute, strike or work stoppage which affects or which may affect the business of the Meyer Companies or which may interfere with their continued operations. Except as set forth in Schedule 3.17, none of the Meyer Companies nor any agent, representative or employee thereof has within the last 24 months committed any unfair labor practice as defined in the National Labor Relations Act, as amended, and there is no pending or threatened charge or complaint against any of the Meyer Companies by or with the National Labor Relations Board or any representative thereof. There has been no strike, walkout or work stoppage involving any of the employees of the Meyer Companies during the 24 months prior to the date hereof. None of the Shareholders is aware that any executive or key employee or group of employees has any plans to terminate his, her or their employment with any of the Meyer Companies as a result of the Mergers or otherwise. Schedule 3.17 contains detailed information about each contract, agreement or plan of the following nature, whether formal or informal, and whether or not in writing, to which any of the Meyer Companies is a party or under which any of them has an obligation: (i) employment agreements, (ii) employee handbooks, policy statements and similar plans, (iii) noncompetition agreements and (iv) consulting agreements. Each of the Meyer

Companies has complied with applicable laws, rules and regulations relating to employment, civil rights and equal employment opportunities, including but not limited to, the Civil Rights Act of 1964, the Fair Labor Standards Act, and the Americans with Disabilities Act, as amended.

3.18 Employee Benefit Plans.

(a) Employee Benefit Plans. Schedule 3.18 contains a list setting forth each employee benefit plan or arrangement of each of the Meyer Companies, including but not limited to employee pension benefit plans, as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), multiemployer plans, as defined in Section 3(37) of ERISA, employee welfare benefit plans, as defined in Section 3(1) of ERISA, deferred compensation plans, stock option plans, bonus plans, stock purchase plans, hospitalization, disability and other insurance plans, severance or termination pay plans and policies, whether or not described in Section 3(3) of ERISA, in which employees, their spouses or dependents, of any of the Meyer Companies participate ("Employee Benefit Plans") (true and accurate copies of which, together with the most recent annual reports on Form 5500 and summary plan descriptions with respect thereto, were furnished to Republic).

(b) Compliance with Law. With respect to each Employee Benefit Plan (i) each has been administered in all material respects in compliance with its terms and with all applicable laws, including, but not limited to, ERISA and the Internal Revenue Code of 1986, as amended (the "Code"); (ii) no actions, suits, claims or disputes are pending, or threatened; (iii) no audits, inquiries, reviews, proceedings, claims, or demands are pending with any governmental or regulatory agency; (iv) there are no facts which could give rise to any material liability in the event of any such investigation, claim, action, suit, audit, review, or other proceeding; (v) all material reports, returns, and similar documents required to be filed with any governmental agency or distributed to any plan participant have been duly or timely filed or distributed; and (vi) no "prohibited transaction" has occurred within the meaning of the applicable provisions of ERISA or the Code.

(c) Qualified Plans. With respect to each Employee Benefit Plan intended to qualify under Code Section 401(a) or 403(a) (i) the Internal Revenue Service has issued a favorable determination letter, true and correct copies of which have been furnished to Republic, that such plans are qualified and exempt from federal income taxes; (ii) no such determination letter has been revoked nor has revocation been threatened, nor has any amendment or other action or omission occurred with respect to any such plan since the date of its most recent determination letter or application therefor in any respect which would adversely affect its qualification or materially increase its costs; (iii) no such plan has been amended in a manner that would require security to be provided in accordance with Section 401(a)(29) of the Code; (iv) no reportable event (within the meaning of Section 4043 of ERISA) has occurred, other than one for which the 30-day notice requirement has been waived; (v) as of the Effective Date, the present value of all liabilities that would be "benefit liabilities" under Section 4001(a)(16) of ERISA if benefits described in Code Section 411(d)(6)(B) were included will not exceed the then current fair market value of the assets of such plan (determined using the actuarial assumptions used for the most recent actuarial valuation

for such plan); (vi) all contributions to, and payments from and with respect to such plans, which may have been required to be made in accordance with such plans and, when applicable, Section 302 of ERISA or Section 412 of the Code, have been timely made; and (vii) all such contributions to the plans, and all payments under the plans (except those to be made from a trust qualified under Section 401(a) of the Code) and all payments with respect to the plans (including, without limitation, PBGC (as defined below) and insurance premiums) for any period ending before the Effective Date that are not yet, but will be, required to be made are properly accrued and reflected on the Current Balance Sheet.

(d) Multiemployer Plans. With respect to any multiemployer plan, as described in Section 4001(a)(3) of ERISA ("MPPA Plan") (i) all contributions required to be made with respect to employees of any of the Meyer Companies have been timely paid; (ii) none of the Meyer Companies have incurred or are expected to incur, directly or indirectly, any withdrawal liability under ERISA with respect to any such plan (whether by reason of the transactions contemplated by the Agreement or otherwise); (iii) Schedule 3.18 sets forth (a) the withdrawal liability under ERISA to each MPPA Plan, (b) the date as of which such amount was calculated, and (c) the method for determining the withdrawal liability; and (iv) no such plan is (or is expected to be) insolvent or in reorganization and no accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, exists or is expected to exist with respect to any such plan.

(e) Welfare Plans. None of the Meyer Companies are obligated under any employee welfare benefit plan as described in Section 3(1) of ERISA ("Welfare Plan") to provide medical or death benefits with respect to any employee or former employee of any of the Meyer Companies or their predecessors after termination of employment. Each of the Meyer Companies has complied with the notice and continuation coverage requirements of Section 4980B of the Code and the regulations thereunder with respect to each Welfare Plan that is, or was during any taxable year for which the statute of limitations on the assessment of federal income taxes remains, open, by consent or otherwise, a group health plan within the meaning of Section 5000(b)(1) of the Code, and there are no reserves, assets, surplus or prepaid premiums under any Welfare Plan which is an Employee Benefit Plan. The consummation of the transactions contemplated by this Agreement will not entitle any individual to severance pay, and, will not accelerate the time of payment or vesting, or increase the amount of compensation, due to any individual.

(f) Controlled Group Liability. None of the Meyer Companies, or any entity that would be aggregated with them under Code Section 414(b), (c), (m) or (o): (i) has ever terminated or withdrawn from an employee benefit plan under circumstances resulting (or expected to result) in liability to the Pension Benefit Guaranty Corporation ("PBGC"), the fund by which the employee benefit plan is funded, or any employee or beneficiary for whose benefit the plan is or was maintained (other than routine claims for benefits); (ii) has any assets subject to (or expected to be subject to) a lien for unpaid contributions to any employee benefit plan; (iii) has failed to pay premiums to the PBGC when due; (iv) is subject to (or expected to be subject to) an excise tax under Code Section 4971; (v) has engaged in any transaction which would give rise to liability under

Section 4069 or Section 4212(c) of ERISA; or (vi) has violated Code Section 4980B or Section 601 through 608 of ERISA.

(g) Other Liabilities. None of the Employee Benefit Plans obligates any of the Meyer Companies to pay separation, severance, termination or similar benefits solely as a result of any transaction contemplated by this Agreement or solely as a result of a "change of control" (as such term is defined in Section 280G of the Code); all required or discretionary (in accordance with historical practices) payments, premiums, contributions, reimbursements, or accruals for all periods ending prior to or as of the Effective Date shall have been made or properly accrued on the Current Balance Sheet or will be properly accrued on the books and records of the Meyer Companies as of the Effective Date; and none of the Employee Benefit Plans has any unfunded liabilities which are not reflected on the Current Balance Sheet or the books and records of the Meyer Companies.

3.19 Tax Matters. All Tax Returns required to be filed prior to the date hereof with respect to calendar years 1993, 1994 and 1995 by each of the Meyer Companies or any of their income, properties, franchises or operations have been timely filed, each such Tax Return has been prepared in compliance with all applicable laws and regulations, and all such Tax Returns are true and accurate in all respects. Except as set forth in Schedule 3.19, all Taxes due and payable by or with respect to each of the Meyer Companies have been paid and are accrued on the Current Balance Sheet or will be accrued on their books and records as of the Closing. Except as set forth in Schedule 3.19 hereto: (i) with respect to each taxable period of the Meyer Companies, either such taxable period has been audited by the relevant taxing authority or the time for assessing or collecting Taxes with respect to each such taxable period has closed and such taxable period is not subject to review by any relevant taxing authority; (ii) no deficiency or proposed adjustment which has not been settled or otherwise resolved for any amount of Taxes has been asserted or assessed by any taxing authority against any of the Meyer Companies; (iii) none of the Meyer Companies have consented to extend the time in which any Taxes may be assessed or collected by any taxing authority; (iv) none of the Meyer Companies have requested or been granted an extension of the time for filing any Tax Return to a date later than the Effective Time; (v) there is no action, suit, taxing authority proceeding, or audit or claim for refund now in progress, pending or threatened against or with respect to any of the Meyer Companies regarding Taxes; (vi) none of the Meyer Companies has made an election or filed a consent under Section 341(f) of the Code (or any corresponding provision of state, local or foreign law) on or prior to the Effective Time; (vii) there are no Liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of any of the Meyer Companies; (viii) none of the Meyer Companies will be required (A) as a result of a change in method of accounting for a taxable period ending on or prior to the Effective Date, to include any adjustment under Section 481(c) of the Code (or any corresponding provision of state, local or foreign law) in taxable income for any taxable period (or portion thereof) beginning after the Effective Time or (B) as a result of any "closing agreement," as described in Section 7121 of the Code (or any corresponding provision of state, local or foreign law), to include any item of income or exclude any item of deduction from any taxable period (or portion thereof) beginning after the Effective Time; (ix) none of the Meyer Companies have been a member of an affiliated group (as defined in Section 1504 of the Code) or filed or been included in a combined, consolidated or unitary

income Tax Return; (x) none of the Meyer Companies is a party to or bound by any tax allocation or tax sharing agreement or has any current or potential contractual obligation to indemnify any other Person with respect to Taxes; (xi) no taxing authority will claim or assess any additional Taxes against any of the Meyer Companies for any period for which Tax Returns have been filed; (xii) none of the Meyer Companies has made any payments, and none is or will become obligated (under any contract entered into on or before the Effective Date) to make any payments, that will be non-deductible under Section 280G of the Code (or any corresponding provision of state, local or foreign law); (xiii) none of the Meyer Companies has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code (or any corresponding provision of state, local or foreign law) during the applicable period specified in Section 897(c)(1)(a)(ii) of the Code (or any corresponding provision of state, local or foreign law); (xiv) no claim has ever been made by a taxing authority in a jurisdiction where any of the Meyer Companies do not file Tax Returns that such company is or may be subject to Taxes assessed by such jurisdiction; and (xv) none of the Meyer Companies has any permanent establishment in any foreign country, as defined in the relevant tax treaty between the United States of America and such foreign country; (xvi) true, correct and complete copies of all income and sales Tax Returns filed by or with respect to each of the Meyer Companies for the past three years have been furnished or made available to Republic; (xvii) none of the Meyer Companies will be subject to any Taxes for the period ending at the Effective Time for any period for which a Tax Return has not been filed imposed pursuant to Section 1374 or Section 1375 of the Code (or any corresponding provision of state, local or foreign law); and (xviii) no sales or use tax (other than sales tax on aircraft, boats, mobile homes and motor vehicles), non-recurring intangibles tax, documentary stamp tax or other excise tax (or comparable tax imposed by any governmental entity) will be payable by any of the Meyer Companies or Republic by virtue of the transactions completed in this Agreement; and (xix) each of the Meyer Companies has duly and validly filed an election for "S" corporation status under the Code, and such "S" elections have not been revoked or terminated and none of the Meyer Companies nor any of the Shareholders have taken any action which would cause a termination of such "S" elections (excluding the transactions contemplated by this Agreement).

3.20 **Insurance.** Each of the Meyer Companies is covered by valid, outstanding and enforceable policies of insurance issued to them by reputable insurers covering their respective properties, assets and businesses against risks of the nature normally insured against by corporations in the same or similar lines of business and in coverage amounts typically and reasonably carried by such corporations (the "Insurance Policies"). Such Insurance Policies are in full force and effect, and all premiums due thereon have been paid. As of the Effective Time, each of the Insurance Policies will be in full force and effect. None of the Insurance Policies will lapse or terminate as a result of the transactions contemplated by this Agreement. Each of the Meyer Companies have complied with the provisions of such Insurance Policies. Schedule 3.20 contains (i) a complete and correct list of all Insurance Policies and all amendments and riders thereto (copies of which have been provided to Republic) and (ii) a detailed description of each pending claim under any of the Insurance Policies for an amount in excess of $50,000 that relates to loss or damage to the properties, assets or businesses of any of the Meyer Companies. None of the Meyer Companies have failed to

give, in a timely manner, any notice required under any of the Insurance Policies to preserve their rights thereunder.

3.21 **Receivables.** All of the Receivables (as hereinafter defined) are valid and legally binding, represent bona fide transactions and arose in the ordinary course of business of the Meyer Companies. All of the Receivables are good and collectible receivables, and will be collected in full in accordance with the terms of such receivables (and in any event within six months following the Closing), without setoff or counterclaims, subject to the allowance for doubtful accounts, if any, set forth on the Current Balance Sheet as reasonably adjusted since the date of the Current Balance Sheet in the ordinary course of business consistent with past practice. For purposes of this Agreement, the term "Receivables" means all receivables of the Meyer Companies, including all trade account receivables arising from the provision of services, sale of inventory, notes receivable, and insurance proceeds receivable.

3.22 **Licenses and Permits**. Each of the Meyer Companies possess all licenses and required governmental or official approvals, permits or authorizations (collectively, the "Permits") for their respective businesses and operations, including with respect to the operation of each of the Owned Properties and Leased Premises. All such Permits are valid and in full force and effect, each of the Meyer Companies is in substantial compliance with the respective requirements thereof, and no proceeding is pending or threatened to revoke or amend any of them. None of such Permits is or will be impaired or in any way affected by the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

3.23 **Adequacy of the Assets; Relationships with Customers and Suppliers; Affiliated Transactions**. The Assets, Fixed Assets, Owned Properties and Leased Premises constitute, in the aggregate, all of the assets and properties necessary for the conduct of the business of each of the Meyer Companies in the manner in which and to the extent to which each such business is currently being conducted. No current supplier to the Meyer Companies of items essential to the conduct of their businesses has threatened to terminate its business relationship with any of them for any reason. Except as set forth on Schedule 3.23, none of the Meyer Companies has any direct or indirect interest in any customer, supplier or competitor of any of the Meyer Companies, or in any person from whom or to whom any of the Meyer Companies leases real or personal property. Except as set forth on Schedule 3.23, no officer, director or shareholder of any of the Meyer Companies, nor any person related by blood or marriage to any such person, nor any entity in which any such person owns any beneficial interest, is a party to any Contract or transaction with any of the Meyer Companies or has any interest in any property used by any of the Meyer Companies.

3.24 **Intellectual Property.** Except as set forth in Schedule 3.24, each of the Meyer Companies has full legal right, title and interest in and to all trademarks, service marks, trade names, copyrights, know-how, patents, trade secrets, licenses (including licenses for the use of computer software programs), and other intellectual property used in the conduct of its business (the "Intellectual Property"), except where the absence of such legal right, title and interest would not

have a Material Adverse Effect on any of the Meyer Companies. The conduct of the business of each of the Meyer Companies as presently conducted, and the unrestricted conduct and the unrestricted use and exploitation of the Intellectual Property, does not infringe or misappropriate any rights held or asserted by any Person, and no Person is infringing on the Intellectual Property. Except for computer software license fees, no payments are required for the continued use of the Intellectual Property. None of the Intellectual Property has ever been declared invalid or unenforceable, or is the subject of any pending or threatened action for opposition, cancellation, declaration, infringement, or invalidity, unenforceability or misappropriation or like claim, action or proceeding.

3.25 Contracts. Schedule 3.25 sets forth a list of each Contract to which any of the Meyer Companies is a party or by which any of them or their properties and assets are bound and which is material to their business, assets, properties or prospects (the "Designated Contracts"), true and correct copies of which have been provided to Republic. The copy of each Designated Contract furnished to Republic is a true and complete copy of the document it purports to represent and reflects all amendments thereto made through the date of this Agreement. None of the Meyer Companies has violated any of the material terms or conditions of any Designated Contract or any term or condition which would permit termination or material modification of any Designated Contract, and all of the covenants to be performed by any other party thereto have been fully performed and there are no claims for breach or indemnification or notice of default or termination under any Designated Contract. No event has occurred which constitutes, or after notice or the passage of time, or both, would constitute, a material default by any of the Meyer Companies under any Designated Contract, and no such event has occurred which constitutes or would constitute a material default by any other party. None of the Meyer Companies is subject to any liability or payment resulting from renegotiation of amounts paid it under any Designated Contract. As used in this Section, Designated Contracts shall include, without limitation, (a) loan agreements, indentures, mortgages, pledges, hypothecations, deeds of trust, conditional sale or title retention agreements, security agreements, equipment financing obligations or guaranties, or other sources of contingent liability in respect of any indebtedness or obligations to any other Person, or letters of intent or commitment letters with respect to same; (b) contracts obligating any of the Meyer Companies to provide products or services for a period of one year or more, excluding standard waste collection and disposal contracts entered into in the ordinary course of business without material modification from the preprinted forms used by the Meyer Companies in the ordinary course of their business; (c) leases of real property, and leases of personal property not cancelable without penalty on notice of sixty (60) days or less or calling for payment of an annual gross rental exceeding Twenty-Five Thousand Dollars ($25,000.00); (d) distribution, sales agency or franchise or similar agreements, or agreements providing for an independent contractor's services, or letters of intent with respect to same; (e) employment agreements, management service agreements, consulting agreements, confidentiality agreements, non-competition agreements and any other agreements relating to any employee, officer or director of any of the Meyer Companies; (f) licenses, assignments or transfers of trademarks, trade names, service marks, patents, copyrights, trade secrets or know how, or other agreements regarding proprietary rights or intellectual property; (g) any Contract relating to pending capital expenditures by any of the Meyer Companies; and (h) other

material Contracts or understandings, irrespective of subject matter and whether or not in writing, not entered into in the ordinary course of business by any of the Meyer Companies and not otherwise disclosed on the Schedules.

3.26 **Customer Lists and Recurring Revenue.** Schedule 3.26 is a true, correct and complete list of all existing municipal, county or city or other large customers (collectively, the "Material Customers") of any of the Meyer Companies who have entered into valid and enforceable long-term (i.e., more than one year) waste collection and disposal, recycling or other franchises or agreements with any one or more of the Meyer Companies. True, correct and complete copies of such franchises and agreements, and any ordinances relating thereto, have been furnished by the Shareholders to Republic. Other than the Material Customers listed on Schedule 3.26, no customer of any of the Meyer Companies as of the date of this Agreement accounts for more than 1% of their combined annual revenue. Schedule 3.26 sets forth each Material Customer's name, address, account number, term of franchise or agreement, billing cycle, type of service and rates charged. The average gross combined monthly revenue generated for the Meyer Companies by all of their customers during the three calendar month period ended October 31, 1996 (the "Test Period") was not less than $1,215,829.00 per month net of intercompany activities or charges.

3.27 **Accuracy of Information Furnished by the Shareholders.** No representation, statement or information made or furnished by the Shareholders to Republic or any of Republic's representatives, including those contained in this Agreement and the various Schedules attached hereto, and the other information and statements referred to herein and previously furnished by the Meyer Companies and the Shareholders, contains or shall contain any untrue statement of a material fact or omits or shall omit any material fact necessary to make the information contained therein not misleading. The Shareholders have provided Republic with true, accurate and complete copies of all documents listed or described in the various Schedules attached hereto.

3.28 **Investment Intent; Securities Documents**. Each of the Shareholders is acquiring the Republic Shares hereunder for his, her or its own account for investment and not with a view to, or for the sale in connection with, any distribution of any of the Republic Shares, except in compliance with applicable state and federal securities laws. Each of the Shareholders has had the opportunity to discuss the transactions contemplated hereby with Republic and has had the opportunity to obtain such information pertaining to the Republic Companies as has been requested, including but not limited to the SEC Reports.

3.29 **Business Locations**. As of the date hereof, the Meyer Companies have no office or place of business other than as identified on Schedules 3.14(a) and 3.14(b) and each of the Meyer Companies' principal places of business and chief executive offices are indicated on Schedule 3.14(a) or 3.14(b), and, except for equipment leased to customers in the ordinary course of business, all locations where the equipment, inventory, chattel paper and books and records of the Meyer Companies are located as of the date hereof are fully identified on Schedules 3.14(a) and 3.14(b).

3.30 **Names; Prior Acquisitions**. All names under which any of the Meyer Companies does business as of the date hereof are specified on Schedule 3.30. Except as set forth in Schedule 3.30, none of the Meyer Companies has changed its name or used any assumed or fictitious name, or been the surviving entity in a merger, acquired any business or changed its principal place of business or chief executive office, within the past three years.

3.31 **No Commissions.** None of the Meyer Companies or Shareholders has incurred any obligation for any finder's or broker's or agent's fees or commissions or similar compensation in connection with the transactions contemplated hereby.

3.32 **HSR Act.** Within the meaning of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and the implementing regulations thereunder (16 C.F.R. Parts 801-803), (i) none of the Meyer Companies, including the ultimate parent entity in which each is included, is engaged in manufacturing or has annual net sales equal to or in excess of $100 million or total assets equal to or in excess of $10 million, and (ii) no Shareholder of the Meyer Companies will hold more than $15 million in value of the Republic Shares, as such shares are valued in accordance with or pursuant to the HSR Act, as a result of the consummation of the transactions contemplated hereby.

3.33 **Pooling of Interests.** To the knowledge of the Shareholders based upon reasonable reliance on third parties, there have been no transactions or events with respect to the Meyer Companies which would, and the ownership structure and attributes of each of the Meyer Companies would not, prevent the transactions contemplated hereby, if consummated, from being considered as pooling of interests business combinations in accordance with GAAP and the criteria of Accounting Principles Board Opinion No. 16 and the regulations of the SEC.

ARTICLE IV

CONDUCT OF BUSINESS PENDING THE MERGER

4.1 **Conduct of Business by the Meyer Companies Pending the Mergers.** Each of the Meyer Companies covenants and agrees that, between the date of this Agreement and the Effective Time, the business of each of the Meyer Companies shall be conducted only in, and each of the Meyer Companies shall not take any action except in, the ordinary course of business, consistent with past practice. Each of the Meyer Companies shall use their best efforts to preserve intact their respective business organizations, to keep available the services of their current officers, employees and consultants, and to preserve their present relationships with customers, suppliers and other persons with which they have significant business relations. By way of amplification and not limitation, except as contemplated by this Agreement, each of the Meyer Companies shall not, between the date of this Agreement and the Effective Time, directly or indirectly, do or propose or agree to do any of the following without the prior written consent of Republic:

(a) amend or otherwise change their articles of incorporation or bylaws or equivalent organizational documents;

(b) issue, sell, pledge, dispose of, encumber, or, authorize the issuance, sale, pledge, disposition, grant or encumbrance of (i) any shares of their capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of such capital stock, or any other ownership interest or (ii) any of their assets, tangible or intangible, except in the ordinary course of business consistent with past practice;

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of their capital stock (except pay dividends or make distributions to the Shareholders or other equity holders in an amount equal to the estimated taxes that such Shareholders or other equity holders have to pay on taxable income of the Meyer Companies allocable to them for the current tax year, provided that such dividends and distributions are consistent with the past practices of the Meyer Companies);

(d) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of their capital stock;

(e) (i) acquire (including, without limitation, for cash or shares of stock), by merger, consolidation, or acquisition of stock or assets) any interest in any corporation, partnership or other business organization or division thereof or any assets, or make any investment either by purchase of stock or securities, contributions of capital or property transfer, or, except in the ordinary course of business, consistent with past practice, purchase any property or assets of any other Person (except purchase two garbage trucks of a kind similar to those presently owned and operated by the Meyer Companies), (ii) incur any indebtedness for borrowed money other than in the ordinary course of business consistent with past practice or issue any debt securities or assume, guarantee or endorse or otherwise as an accommodation become responsible for, the obligations of any Person, or make any loans or advances, or (iii) enter into any Contract other than in the ordinary course of business, consistent with past practice;

(f) increase the compensation payable or to become payable to their officers or employees, or, except as presently bound to do, grant any severance or termination pay to, or enter into any employment or severance agreement with, any of its directors, officers or other employees, or establish, adopt, enter into or amend or take any action to accelerate any rights or benefits which any collective bargaining, bonus, profit sharing, trust, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or

other plan, agreement, trust, fund, policy or arrangement for the benefit of any directors, officers or employees;

(g) take any action other than in the ordinary course of business and in a manner consistent with past practice with respect to accounting policies or procedures;

(h) pay, discharge or satisfy any existing claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business and consistent with past practice of due and payable liabilities reflected or reserved against in its financial statements, as appropriate, or liabilities incurred after the date hereof in the ordinary course of business and consistent with past practice;

(i) increase or decrease prices charged to their customers, except for previously announced price changes, or take any other action which might reasonably result in any material increase in the loss of customers through non-renewal or termination of service contracts or other causes; or

(j) agree, in writing or otherwise, to take or authorize any of the foregoing actions or any action which would make any representation or warranty in Article III untrue or incorrect.

ARTICLE V

ADDITIONAL AGREEMENTS

5.1 **Further Assurances.** Each party shall execute and deliver such additional instruments and other documents and shall take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby. Each of the parties hereto shall use their reasonable best efforts to take, or cause to be taken, all appropriate actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated herein, including, without limitation, using their best efforts to obtain all licenses, permits, consents (including, without limitation, any and all director consents), approvals, authorizations, qualifications and orders of any Governmental Authority and parties to Contracts with any of the Meyer Companies as are necessary for the consummation of the transactions contemplated hereby. Each of parties shall make on a prompt and timely basis all governmental or regulatory notifications and filings required to be made by them for the consummation of the transactions contemplated hereby. The parties also agree to use best efforts to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby and to lift or rescind any injunction or restraining order or

other order adversely affecting the ability of the parties to consummate the transactions contemplated hereby.

5.2 **Compliance with Covenants**. The Shareholders shall cause each of the Meyer Companies to comply with all of the respective covenants of each of the Meyer Companies under this Agreement.

5.3 **Cooperation.** Each of the parties agrees to cooperate with the other in the preparation and filing of all forms, notifications, reports and information, if any, required or reasonably deemed advisable pursuant to any law, rule or regulation or the rules of The NASDAQ Stock Market or any exchange on which the Republic Common Stock is listed in connection with the transactions contemplated by this Agreement and to use their respective best efforts to agree jointly on a method to overcome any objections by any Governmental Authority to any such transactions.

5.4 **Access to Information.** From the date hereof to the Effective Time, each of the Meyer Companies shall afford Republic and Republic's officers, employees, auditors, counsel and agents reasonable access at all reasonable times to its and their properties, offices, and other facilities, to all books and records, and shall furnish such persons with all financial, operating and other data and information as may be requested. No information provided to or obtained by Republic shall affect any representation or warranty in this Agreement. All requests for information made by Republic shall be coordinated through William E. Meyer or any other person(s) expressly designated by him, and Republic shall not communicate with any employees, contractors, representatives, vendors or lenders of the Meyer Companies without his prior consent.

5.5 **Notification of Certain Matters.** The Shareholders shall give prompt notice to Republic of the occurrence or non-occurrence of any event which would likely cause any representation or warranty contained herein to be untrue or inaccurate, or any covenant, condition, or agreement contained herein not to be complied with or satisfied.

5.6 **Due Diligence Investigation.** Republic shall be entitled to conduct, prior to Closing, a due diligence investigation of each of the Meyer Companies. Each of the Meyer Companies shall provide Republic and its designated agents and consultants with the access to all of the books, records, documents, correspondence and other materials of each of the Meyer Companies which Republic, its agents and consultants require to conduct such due diligence review. If the results of Republic's due diligence review are not satisfactory to Republic in its sole discretion, then Republic may elect not to close the transactions contemplated by this Agreement. All due diligence requests made by Republic shall be coordinated through William E. Meyer or any other person(s) expressly designated by him, and Republic shall not communicate with any employees, contractors, representatives, vendors or lenders of the Meyer Companies in connection with its due diligence review hereunder without his prior consent.

5.7 **Tax Treatment.** Republic, the Meyer Companies and the Shareholders will use their respective best efforts to cause the Mergers to qualify as reorganizations under the provisions of Section 368(a) of the Code and do not intend to take any action after the Mergers are effected to cause the Mergers to lose their tax-free status. All parties hereto agree to file the Plans of Merger with their respective federal income tax returns for the year in which the Mergers are effective, and to comply with the reporting requirements of Treasury Regulation 1.368-3.

5.8 **Confidentiality; Publicity.** Except as may be required by law or as otherwise permitted or expressly contemplated herein, no party hereto or their respective Affiliates, employees, agents and representatives shall disclose to any third party this Agreement or the subject matter or terms hereof without the prior consent of the other parties hereto. No press release or other public announcement related to this Agreement or the transactions contemplated hereby shall be issued by any party hereto without the prior approval of the other parties, except that Republic may make such public disclosure which it believes in good faith to be required by law or by the terms of any listing agreement with or requirements of a securities exchange (in which case Republic will consult with an officer of the Meyer Companies prior to making such disclosure).

5.9 **No Other Discussions.** The Meyer Companies, the Shareholders, and their respective Affiliates, employees, agents and representatives will not (i) initiate, encourage the initiation by others of discussions or negotiations with third parties or respond to solicitations by third persons relating to any merger, sale or other disposition of any substantial part of the assets, business or properties of any of the Meyer Companies (whether by merger, consolidation, sale of stock or otherwise) or (ii) enter into any agreement or commitment (whether or not binding) with respect to any of the foregoing transactions. The Shareholders will immediately notify Republic if any third party attempts to initiate any solicitation, discussion or negotiation with respect to any of the foregoing transactions.

5.10 **Restrictive Covenants.** In order to assure that Republic will realize the benefits of the Mergers, each of the Shareholders jointly and severally agrees with Republic that each of them will not for a period of two years from the Effective Time:

(a) directly or indirectly, alone or as a partner, joint venturer, officer, director, employee, consultant, agent, independent contractor or stockholder of any company or business, engage in any business activity in any county in the State of Indiana in which the Meyer Companies presently conduct business which is directly or indirectly in competition with the business conducted by any of the Meyer Companies at the Effective Time; provided, however, that, the beneficial ownership of less than five percent (5%) of the shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or over-the-counter market shall not be deemed, in and of itself, to violate the prohibitions of this Section;

(b) directly or indirectly (i) induce any Person which is a customer of any of the Meyer Companies at the Effective Time to patronize any business directly or indirectly in competition with the business conducted by any of the Meyer Companies; (ii) canvass, solicit or accept from any Person which is a customer of any of the Meyer Companies, any such competitive business; or (iii) request or advise any Person which is a customer of any of the Meyer Companies at the Effective Time to withdraw, curtail or cancel any such customer's business with the Meyer Companies or their successors;

(c) directly or indirectly employ, or knowingly permit any company or business directly or indirectly controlled by him, to employ, any person who was employed by any of the Meyer Companies at or within six months prior to the Effective Time, or in any manner seek to induce any such person to leave his or her employment; and

(d) directly or indirectly, at any time following the Effective Time, in any way utilize, disclose, copy, reproduce or retain in his possession any of the Meyer Companies' proprietary rights or records, including, but not limited to, any of their customer lists.

The Shareholders agree and acknowledge that the restrictions contained in this Section are reasonable in scope and duration and are necessary to protect Republic after the Effective Time. If any provision of this Section as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same will in no way affect any other circumstance or the validity or enforceability of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced. The parties agree and acknowledge that the breach of this Section will cause irreparable damage to Republic and upon breach of any provision of this Section, Republic shall be entitled to injunctive relief, specific performance or other equitable relief; provided, however, that, this shall in no way limit any other remedies which Republic may have (including, without limitation, the right to seek monetary damages).

5.11 **Environmental Assessment.** Republic shall be entitled to have conducted prior to Closing an environmental assessment of the Owned Properties and Leased Premises (hereinafter referred to as "Environmental Assessment"). The Environmental Assessment may include, but not be limited to, a physical examination of the Owned Property or Leased Premises, and any structures, facilities, or equipment located thereon, soil samples, ground and surface water samples, storage tank testing, review of pertinent records, documents, and Licenses of the Meyer Companies. The Shareholders shall provide Republic or its designated agents or consultants with the access to such property which Republic, its agents or consultants require to conduct the Environmental Assessment. If the Environmental Assessment identifies environmental contamination which requires remediation

or further evaluation under the Environmental, Health, and Safety Laws or if the results of the Environmental Assessment are otherwise not satisfactory to Republic in its sole discretion, then Republic may elect not to close the transactions contemplated by this Agreement. Republic's failure or decision not to conduct any such Environmental Assessment shall not affect any representation or warranty of the Shareholders under this Agreement.

5.12 Trading in Republic Common Stock. Except as otherwise expressly consented to by Republic, from the date of this Agreement until the Effective Time, none of the Meyer Companies or the Shareholders (nor any Affiliates thereof) will directly or indirectly purchase or sell (including short sales) any shares of Republic Common Stock in any transactions effected on The Nasdaq Stock Market, or otherwise.

5.13 Employment Agreement. At Closing, Republic will enter into an Employment Agreement with William E. Meyer, pursuant to which agreement Republic will agree to employ Mr. Meyer for a term of three years at an annual salary of $150,000 per year and provide Mr. Meyer during the term of the agreement with a car, stock options and other fringe benefits consistent with those given other officers of Republic's operating companies and consistent with Republic's qualified stock option plan as the same may be amended from time to time. Pursuant to the agreement, Mr. Meyer will agree not to compete with the Meyer Companies or Republic during the term of the employment agreement and for a period of two (2) years thereafter, and Republic will continue to maintain for the period of Mr. Meyer's employment, memberships in the various solid waste organizations and trade groups with which any of the Meyer Companies is currently involved.

5.14 Ownership of Assets; Liabilities. At or prior to the Effective Time, the Meyer Companies shall repay all long term indebtedness to any Person (including, without limitation, to any bank or other financial institution). At the Effective Time, all of the Assets of the Meyer Companies will be owned by such companies free and clear of all Liens to any Person (including, without limitation, to any bank or financial institution) except for existing capitalized leases for the acquisition of vehicles.

5.15 Claim for Reimbursement of Use Taxes. After the Effective Time, William E. Meyer ("Meyer") shall, upon providing written notice to Republic in accordance with Section 13.1 hereof, be permitted to elect to continue to legally contest on behalf of the Meyer Companies, at his sole cost and expense, that certain claim for reimbursement of use taxes paid to the State of Indiana for the taxable periods 1990, 1991, and 1992 as more particularly described in Schedule 3.19 attached hereto. Republic shall promptly provide Meyer, upon written request by Meyer to Republic, with copies of all records and documents which Republic determines, in its reasonable discretion, to be reasonably necessary to litigate such claim. Meyer shall promptly provide to Republic copies of all correspondence, pleadings, notices, orders, settlements and judgments in connection with any such litigation. In the event the Meyer Companies shall be successful in any such claim, the proceeds of such litigation shall promptly be forwarded by Republic to Meyer net of any losses, costs, expenses and fees (including, without limitation, reasonable legal expenses) incurred by Republic as a result of or arising from the litigation. Meyer hereby acknowledges and

agrees to fully reimburse and indemnify Republic for any losses, costs, expenses and fees (including, without limitation, reasonable legal expenses) incurred by Republic as a result of or arising from any such foregoing legal claim.

5.16 **Claim Against Insurance Carriers.** After the Effective Time, in the event insurance coverage is denied with respect to that certain wrongful death claim more particularly described in Schedule 3.11 attached hereto or the applicable insurance carriers are deemed by Meyer to have refused in bad faith to settle such claim, Meyer shall, upon providing written notice to Republic in accordance with Section 13.1 hereof, be permitted to elect to bring a legal claim on behalf of the Meyer Companies, at his sole cost and expense, against such insurance carriers. Republic shall promptly provide Meyer, upon written request by Meyer to Republic, with copies of all records and documents which Republic determines, in its reasonable discretion, to be reasonably necessary to litigate any such claim. Meyer shall promptly provide Republic copies of all correspondence, pleadings, notices, orders, settlements and judgments in connection with any such litigation. In the event the Meyer Companies shall be successful in any such claim, the proceeds of such litigation shall promptly be forwarded by Republic to Meyer net of any losses, costs, expenses and fees (including, without limitation, reasonable legal expenses) incurred by Republic as a result of or arising from the litigation. Meyer hereby acknowledges and agrees to fully reimburse and indemnify Republic for any losses, costs, expenses and fees (including, without limitation, reasonable legal expenses) incurred by Republic as a result of or arising from any such foregoing legal claim.

5.17 **Assessment of Additional Taxes.** In the event the State of Indiana shall assess Additional Taxes (as such term is defined in Section 1.8 hereof), Republic shall promptly provide Meyer written notice of such assessment (the "Assessment"). Meyer may elect, by providing written notice to Republic within fifteen (15) days of receipt of the foregoing notice from Republic of the Assessment, to protest on behalf of the Meyer Companies such Assessment and thereafter appeal any adverse decision with respect to the Assessment, at his sole cost and expense. Republic shall promptly provide Meyer, upon written request by Meyer to Republic, with copies of all records and documents which Republic determines, in its reasonable discretion, to be reasonably necessary to protest and appeal such claim. Meyer shall promptly provide Republic copies of all correspondence, pleadings, notices, orders, settlements and judgments in connection with any protest or appeal of the Assessment. Meyer hereby acknowledges and agrees to fully reimburse and indemnify Republic for any losses, costs, expenses and fees (including, without limitation, reasonable legal expenses) incurred by Republic as a result of or arising from any such foregoing claim.

ARTICLE VI

CONDITIONS TO THE OBLIGATIONS OF THE REPUBLIC COMPANIES

The obligations of the Republic Companies to effect the Mergers shall be subject to the fulfillment at or prior to the Effective Time of the following conditions, any or all of which may be waived in whole or in part by the Republic Companies:

6.1 Accuracy of Representations and Warranties and Compliance with Obligations. The representations and warranties of the Shareholders contained in this Agreement shall be true and correct at and as of the Effective Time with the same force and effect as though made at and as of that time except (i) for changes specifically permitted by or disclosed pursuant to this Agreement, and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date. Each of the Meyer Companies and the Shareholders shall have performed and complied with all of their respective obligations required by this Agreement to be performed or complied with at or prior to the Effective Time. Each of the Meyer Companies and the Shareholders shall have delivered to the Republic Companies a certificate, dated as of the Effective Time, duly signed (in the case of each of the Meyer Companies, by its President), certifying that such representations and warranties are true and correct and that all such obligations have been complied with and performed.

6.2 No Material Adverse Change or Destruction of Property. Between the date hereof and the Effective Time, (i) there shall have been no Material Adverse Change to any of the Meyer Companies, (ii) there shall have been no adverse federal, state or local legislative or regulatory change affecting in any material respect the services, products or business of any of the Meyer Companies, and (iii) none of the properties and assets of any of the Meyer Companies shall have been damaged by fire, flood, casualty, act of God or the public enemy or other cause (regardless of insurance coverage for such damage) which damages may have a Material Adverse Effect thereon, and there shall have been delivered to the Republic Companies a certificate to that effect, dated the Effective Time and signed by or on behalf of the Meyer Companies and the Shareholders.

6.3 Corporate Certificate. The Shareholders shall have delivered to the Republic Companies (i) copies of the articles of incorporation and bylaws of each of the Meyer Companies as in effect immediately prior to the Effective Time, (ii) copies of resolutions adopted by the Board of Directors and shareholders of each of the Meyer Companies authorizing the transactions contemplated by this Agreement, and (iii) a certificate of good standing of each of the Meyer Companies issued by the Secretary of State of the state of each such company's state of incorporation and each other state in which such companies are qualified to do business as of a date not more than thirty days prior to the Effective Time, certified in the case of subsections (i) and (ii) as of the Effective Time by the Secretary of each such company as being true, correct and complete.

6.4 **Opinion of Counsel**. The Republic Companies shall have received an opinion dated as of the Effective Time from counsel for the Meyer Companies and the Shareholders, in form and substance acceptable to the Republic Companies, to the effect that:

(i) each of the Meyer Companies is a corporation duly organized and existing under the laws of the state of its incorporation and has the corporate authority to carry on the business now conducted by it and to own or lease the properties now owned or leased by it;

(ii) each of the Meyer Companies has obtained all necessary authorizations and consents of its Board of Directors and the Shareholders to effect the Mergers;

(iii) All issued and outstanding shares of capital stock or other equity interests of each of the Meyer Companies are owned as set forth on Schedule 3.5 hereto based on a review of the stock transfer records and operating agreement of the Meyer Companies;

(iv) Such counsel does not know or have reason to believe that there is any litigation, proceeding or investigation pending or threatened which might result in any Material Adverse Change in the properties, business or prospects or in the condition of the Meyer Companies, or which questions the validity of this Agreement except as disclosed in this Agreement or the Schedules attached hereto; and

(v) Under the laws of the State of Indiana, this Agreement is a valid and binding obligation of each of the Meyer Companies, and the Shareholders, and enforceable against each of the Meyer Companies and the Shareholders in accordance with its terms (except with respect to Section 5.10 hereof), except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and general equitable principles.

6.5 **Consents**. The Meyer Companies shall have received consents to the transactions contemplated hereby and waivers of rights to terminate or modify any material rights or obligations of the Meyer Companies from any Person from whom such consent or waiver is required under any Contract or instrument as of a date not more than ten days prior to the Effective Time, or who, as a result of the transactions contemplated hereby, would have such rights to terminate or modify such Contracts or instruments, either by the terms thereof or as a matter of law.

6.6 **Securities Laws**. Republic shall have received all necessary consents and otherwise complied with any state Blue Sky or securities laws applicable to the issuance of the Republic Shares, in connection with the transactions contemplated hereby.

6.7 **Acknowledgment of Pooling of Interests Criteria and Receipt of Republic's SEC Filings**. At or prior to the Closing, each of the Meyer Companies and the Shareholders shall have delivered to Republic a letter agreement relating to "pooling of interests" criteria and receipt of SEC filings of Republic, in form and substance satisfactory to Republic.

6.8 **Meyer Companies Stock**. At the Closing, each of the Shareholders shall have delivered to Republic all certificates evidencing the shares of capital stock or other equity interests of any of the Meyer Companies held by each of them.

6.9 **Stock Powers**. At the Closing, each of the Shareholders shall have delivered to Republic, for use in connection with the Held Back Shares, ten stock powers executed in blank, with signatures guaranteed.

6.10 **No Adverse Litigation**. There shall not be pending or threatened any action or proceeding by or before any court or other governmental body which shall seek to restrain, prohibit, invalidate or collect damages arising out of the Mergers or any other transaction contemplated hereby, and which, in the judgment of Republic, makes it inadvisable to proceed with the Mergers and other transactions contemplated hereby.

6.11 **Board Approval**. The Board of Directors of Republic shall have authorized and approved this Agreement, the Mergers and transactions contemplated hereby.

6.12 **Due Diligence Review.** Republic shall have completed its due diligence review of the Meyer Companies pursuant to Sections 5.4 and 5.6, and shall be satisfied with the results of such review and assessment.

ARTICLE VII

CONDITIONS TO THE OBLIGATIONS OF THE MEYER COMPANIES AND THE SHAREHOLDERS

The obligations of the Meyer Companies and the Shareholders to effect the Mergers shall be subject to the fulfillment at or prior to the Effective Time of the following conditions, any or all of which may be waived in whole or in part by the Meyer Companies and the Shareholders:

7.1 **Accuracy of Representations and Warranties and Compliance with Obligations.** The representations and warranties of each of the Republic Companies contained in this Agreement shall be true and correct at and as of the Effective Time with the same force and effect as though made at and as of that time except (i) for changes specifically permitted by or disclosed pursuant to this Agreement, and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date. Each of the Republic Companies shall have performed and complied with all of their obligations required by this

Agreement to be performed or complied with at or prior to the Effective Time. Each of the Republic Companies shall have delivered to the Company a certificate, dated as of the Effective Time, and signed by an executive officer, certifying that such representations and warranties are true and correct and that all such obligations have been complied with and performed.

7.2 **Republic Shares**. At the Closing, Republic shall have issued all of the Republic Shares and shall have delivered to the Shareholders (i) certificates representing the Republic Shares issued to them hereunder, other than the Held Back Shares, and (ii) copies of stock certificates representing the Held Back Shares issued to them.

7.3 **No Adverse Litigation**. There shall not be pending or threatened any action or proceeding by or before any court or other governmental body which shall seek to restrain, prohibit, invalidate or collect damages arising out of the Mergers or any other transaction contemplated hereby, and which in the judgment of the Shareholders makes it inadvisable to proceed with the Mergers and other transactions.

7.4 **Opinion of Counsel**. The Meyer Companies and the Shareholders shall have received an opinion dated as of the Effective Time from counsel for Republic, in form and substance acceptable to the Meyer Companies and the Shareholders, to the effect that:

(i) Republic is a corporation duly organized and existing and has the corporate authority under the laws of the State of Delaware and is authorized to carry on the business now conducted by it and to own or lease the properties now owned or leased by it;

(ii) Republic has obtained all necessary authorizations and consents of its Board of Directors to effect the Mergers;

(iii) The Republic Shares issued pursuant to the terms hereof have been duly authorized, validly issued and are fully paid and nonassessable;

(iv) Such counsel does not know or have reason to believe that there is any litigation, proceeding or investigation pending or threatened which might result in any Material Adverse Change in the properties, business or prospects or in the condition of Republic, or which questions the validity of this Agreement; and

(v) This Agreement is a valid and binding obligation of Republic and is enforceable against Republic in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and general equitable principles.

ARTICLE VIII

REGISTRATION RIGHTS

The Shareholders shall have the following registration rights with respect to the Republic Shares issued to them hereunder:

8.1 **Registration Rights for Republic Shares; Filing of Registration Statement.** Republic will utilize its reasonable best efforts to cause, by December 31, 1996, a registration statement to be filed under the Securities Act or an existing registration statement to be amended for the purpose of registering the Republic Shares for resale by a Holder thereof (the "Registration Statement"). For purposes of this Article, a person is deemed to be a "Holder" of Republic Shares whenever such person is the record owner of Republic Shares. Republic will use its reasonable best efforts to have the Registration Statement become effective and cause the Republic Shares to be registered under the Securities Act, and registered, qualified or exempted under the state securities laws of such jurisdictions as any Holder reasonably requests, as soon as is reasonably practicable. Notwithstanding the foregoing, Republic may, upon written notice to the Shareholders in accordance with Section 13.1 hereof, delay, for a maximum of sixty (60) days from the earlier of the date of such written notice or March 1, 1997, the filing of a Registration Statement, or, if earlier filed, may, until March 1, 1997, withhold efforts to cause such Registration Statement to become effective, if Republic determines in good faith that such Registration Statement might interfere with or affect the negotiation or completion of any transaction that is being contemplated by Republic (whether or not a final decision has been made to undertake such transaction) at the time the right to delay is exercised.

8.2 **Expenses of Registration**. Republic shall pay all expenses incurred by Republic in connection with the registration, qualification and/or exemption of the Republic Shares, including any SEC and state securities law registration and filing fees, printing expenses, fees and disbursements of Republic's counsel and accountants, transfer agents' and registrars' fees, fees and disbursements of experts used by Republic in connection with such registration, qualification and/or exemption, and expenses incidental to any amendment or supplement to the Registration Statement or prospectuses contained therein. Republic shall not, however, be liable for any sales, broker's or underwriting commissions upon sale by any Holder of any of the Republic Shares.

8.3 **Furnishing of Documents**. Republic shall furnish to the Holders such reasonable number of copies of the Registration Statement, such prospectuses as are contained in the Registration Statement and such other documents as the Holders may reasonably request in order to facilitate the offering of the Republic Shares.

8.4 **Amendments and Supplements**. Republic shall prepare and promptly file with the SEC and promptly notify the Holders of the filing of such amendments or supplements to the Registration Statement or prospectuses contained therein as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to the Republic Shares is required

to be delivered under the Securities Act, any event shall have occurred as a result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Republic shall also advise the Holders promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of the Registration Statement or the initiation or threatening of any proceeding for that purpose and promptly use all reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued. If, after a Registration Statement becomes effective, Republic advises the Holders that Republic considers it appropriate for such Registration Statement to be amended, the Holders shall suspend any further sales of the Republic Shares registered hereunder until Republic advises such Holders that the Registration Statement has been amended. Republic shall utilize reasonable best efforts to promptly file any such amendment of the Registration Statement.

8.5 **Duration**. Republic shall maintain the effectiveness of the Registration Statement until such time as Republic reasonably determines and provides written notice to the Holders, based on an opinion of counsel, that the Holders will be eligible to sell all of the Republic Shares then owned by the Holders without the need for continued registration of the shares, in the three month period immediately following the termination of the effectiveness of the Registration Statement. Republic's obligations contained in Sections 8.1, 8.3 and 8.4 shall terminate on the second anniversary of the Effective Date.

8.6 **Further Information.** If Republic Shares owned by a Holder are included in any registration, such Holder shall furnish Republic such information regarding itself as Republic may reasonably request and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

8.7 **Indemnification**

(a) Republic will indemnify and hold harmless the Holders and each person, if any, who controls a Holder within the meaning of the Securities Act, from and against any and all losses, damages, liabilities, costs and expenses to which the Holders or any such controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities, costs or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that, Republic will not be liable in any such case to the extent that any such loss, claim, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by or on behalf of any Holder or such controlling person in writing specifically for use in the preparation thereof.

(b) Each of the Holders, jointly and severally, will indemnify and hold harmless Republic and each person, if any, who controls Republic within the meaning of the Securities Act, from and against any and all losses, damages, liabilities, costs and expenses to which Republic or any such controlling person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was so made in reliance upon and in strict conformity with written information furnished by or on behalf of any Holder specifically for use in the preparation thereof.

(c) Promptly after receipt by an indemnified party pursuant to the provisions of paragraph (a) or (b) of this Section of notice of the commencement of any action involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim thereof is to be made against the indemnifying party pursuant to the provisions of said paragraph (a) or (b), promptly notify the indemnifying party of the commencement thereof; but the omission to so notify the indemnifying party will not relieve it from any liability which it may have hereunder unless the indemnifying party has been materially prejudiced thereby nor will such failure to so notify the indemnifying party relieve it from any liability which it may have to any indemnified party otherwise than hereunder. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any action include both the indemnified party and the indemnifying party and there is a conflict of interest which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select separate counsel to participate in the defense of such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of said paragraph (a) or (b) for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, unless (i) the indemnified party shall have employed counsel in accordance with the provisions of the preceding sentence, (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party.

(d) In the event any of the Republic Shares are sold by any Holder or Holders in an underwritten public offering consented to by Republic, Republic shall provide indemnification to the underwriters of such offering and any person controlling any such underwriter on behalf of

the Holder or Holders making the offering; provided, however, that Republic shall not be required to consent to any such underwriting or to provide such indemnification in respect of the matters described in the proviso to the first sentence of Section 8.7(a).

ARTICLE IX

INDEMNIFICATION

9.1 **Agreement by the Shareholders to Indemnify.** The Shareholders jointly and severally agree to indemnify and hold Republic harmless from and against the aggregate of all expenses, losses, costs, deficiencies, liabilities and damages (including, without limitation, related counsel and paralegal fees and expenses) incurred or suffered by Republic, on a pre-tax consolidated basis, arising out of or resulting from (i) any breach of a representation or warranty made by the Shareholders in or pursuant to this Agreement, (ii) any breach of the covenants or agreements made by any of the Meyer Companies or any Shareholder in or pursuant to this Agreement, (iii) any inaccuracy in any certificate delivered by any of the Meyer Companies or any Shareholder pursuant to this Agreement, (iv) any matters disclosed in Schedules 3.17 and 3.19, (v) any matters disclosed in items 2, 5 and 6 of Schedule 3.12, or (vi) any matters disclosed in Schedules 3.13(c), (e) and (m). (collectively, "Indemnifiable Damages"). Without limiting the generality of the foregoing, with respect to the measurement of Indemnifiable Damages, Republic shall have the right to be put in the same pre-tax consolidated financial position as it would have been in had each of the representations and warranties of the Shareholders hereunder been true and correct and had the covenants and agreements of the Meyer Companies and the Shareholders hereunder been performed in full. Notwithstanding anything to the contrary in this Article, (i) the Shareholders shall not be liable to Republic with respect to any claim for Indemnifiable Damages unless the aggregate amount of all Indemnifiable Damages (excluding claims for Indemnifiable Damages arising from or related to (x) any matters disclosed in Schedules 3.17 and 3.19, (y) any matters disclosed in items 2, 5 and 6 of Schedule 3.12 and (z) any matters disclosed in Schedules 3.13(c), (e) and (m)) incurred by Republic exceed an aggregate of $255,000.00 (the "Indemnification Threshold"), in which case the Shareholders shall be liable for the total amount of such Indemnifiable Damages; and (ii) the maximum liability of the Shareholders for Indemnifiable Damages hereunder for any breach of the representations, warranties, covenants and agreements hereunder shall not exceed the Purchase Price (the "Indemnification Limitation"). Subject to the Indemnification Limitation, the Shareholders shall be responsible for the full amount of any claim for Indemnifiable Damages arising from or related to (i) any matters disclosed in Schedules 3.17 and 3.19, (ii) any matters disclosed in items 2, 5 and 6 of Schedule 3.12 and (iii) any matters disclosed in Schedules 3.13(c), (e) and (m).

9.2 **Survival of Representations and Warranties.** Each of the representations warranties and indemnities made by the Shareholders in this Agreement or pursuant hereto shall expire one year after the Effective Time, except that (i) the representations and warranties contained in Section 3.13(e) shall expire at the time the latest period of limitations expires for the enforcement by any applicable Governmental Authority or any Person of any remedy, penalty or claim with

respect to the matters set forth in items 1 and 2 of Schedule 3.13(e); and (ii) indemnification by the Shareholders for any Indemnifiable Damages arising out of or resulting from (a) any matters disclosed in Schedules 3.17 and 3.19, (b) any matters disclosed in items 2, 5 and 6 of Schedule 3.12 and (c) any matters disclosed in items 1 and 2 of Schedule 3.13(e) shall survive the Effective Time. No claim for the recovery of Indemnifiable Damages may be asserted by Republic against the Shareholders after such representations, warranties and indemnities shall thus expire, provided, however, that claims for Indemnifiable Damages first asserted within the applicable period shall not thereafter be barred. Notwithstanding any knowledge of facts determined or determinable by any party by investigation, each party shall have the right to fully rely on the representations, warranties, covenants and agreements of the other parties contained in this Agreement or in any other documents or papers delivered in connection herewith. Each representation, warranty, covenant and agreement of the parties contained in this Agreement is independent of each other representation, warranty, covenant and agreement.

9.3 Recurring Revenue. In the event that Republic shall have determined that the actual average gross combined monthly revenue generated by the Meyer Companies from the Material Customers listed in Schedule 3.26 during the Test Period was less than the amount represented and warranted in Section 3.26, then, notwithstanding any other provision of this Agreement to the contrary, an amount equal to 21.1 times the deficiency shall be deemed to be the amount of the Indemnifiable Damages incurred as a result of such breach of the representation and warranty set forth in Section 3.26 for purposes of this Section. Such determination shall be made within one year following the Effective Date.

9.4 Security for the Shareholders' Indemnification Obligation. As security for the agreement by the Shareholders to indemnify and hold Republic harmless as described in this Article IX at the Closing, Republic shall set aside and hold certificates representing the Held Back Shares issued pursuant to this Agreement. The Shareholders hereby grant to Republic a first priority security interest in the Held Back Shares and the proceeds thereof. Republic may set off against the Held Back Shares any loss, damage, cost or expense for which the Shareholders may be responsible pursuant to this Agreement (including without limitation, any Indemnifiable Damages for which the Shareholders may be responsible pursuant to this Agreement) whether or not indemnified pursuant to this Article IX, subject, however, to the following terms and conditions:

(a) Republic shall give written notice to the Shareholders of any claim for Indemnifiable Damages or any other damages hereunder, which notice shall set forth (i) the amount of Indemnifiable Damages or other loss, damage, cost or expense which Republic claims to have sustained by reason thereof, and (ii) the basis of such claim;

(b) Such set off shall be effected on the later to occur on the expiration of 10 days from the date of such notice (the "Notice of Contest Period") or, if such claim is contested, the date the dispute is resolved, and such set off shall be charged proportionally against the shares set aside;

(c) If, prior to the expiration of the Notice of Contest Period, the Shareholders shall notify Republic in writing of an intention to dispute the claim and if such dispute is not resolved within 30 days after expiration of such period (the "Resolution Period"), then Republic may elect that such dispute shall be resolved by a committee of three arbitrators (one appointed by the Shareholders, one appointed by Republic and one appointed by the two arbitrators so appointed), which shall be appointed within 60 days after the expiration of the Resolution Period. The arbitrators shall abide by the rules of the American Arbitration Association and their decision shall be made within 45 days of being appointed and shall be final and binding on all parties;

(d) After the Held Back Shares are registered and any restrictions on sale imposed under the Securities Act or otherwise are terminated, the Shareholders may, not more than once during the twelve (12) month period following the Effective Date, instruct Republic to sell some or all of the Held Back Shares and the net proceeds thereof shall be held in an interest bearing account mutually acceptable to the parties and shall be substituted for such Held Back Shares in any set off to be made by Republic pursuant to any claim hereunder, subject to continued compliance with any applicable SEC and other regulations, and Republic shall utilize reasonable best efforts to promptly sell the Held Back Shares following the Shareholders' written instruction to sell such Held Back Shares; and

(e) For purposes of this Article, the shares of Republic Common Stock not sold as provided in clause (d) of this Section shall be valued at the Average Closing Sale Price.

9.5 **Voting of and Dividends on the Held Back Shares and Additional Held Back Shares.** Except with respect to shares transferred pursuant to the foregoing right of setoff (and in the case of such shares, until the same are transferred), all Held Back Shares and Additional Held Back Shares shall be deemed to be owned by the Shareholders and the Shareholders shall be entitled to vote the same; provided, however, that, there shall also be deposited with Republic subject to the terms of this Article, all shares of Republic Common Stock issued to the Shareholders as a result of any stock dividend or stock split and all cash issuable to the Shareholders as a result of any cash dividend, with respect to the Held Back Shares and Additional Held Back Shares. All stock and cash issued or paid upon Held Back Shares and Additional Held Back Shares shall be distributed to the person or entity entitled to receive such Held Back Shares and Additional Held Back Shares together with such Held Back Shares and Additional Held Back Shares.

9.6 **Delivery of Held Back Shares.** Republic agrees to deliver to the Shareholders no later than (10) business days after the first anniversary of the Effective Time any Held Back Shares then held by it (or proceeds from the Held Back Shares) unless there then remains unresolved any claim for Indemnifiable Damages or other damages hereunder as to which notice has been given, in which event any Held Back Shares remaining on deposit (or proceeds from the sale of Held Back

Shares) after such claim shall have been satisfied shall be returned to the Shareholders promptly after the time of satisfaction.

9.7 **Adjustment to Merger Consideration.** All payments for Indemnifiable Damages made pursuant to this Article IX shall be treated as adjustments to the consideration granted in the Mergers under Section 1.5.

9.8 **No Bar.** If the Held Back Shares are insufficient to set off any claim for Indemnifiable Damages made hereunder (or have been delivered to the Shareholders prior to the making or resolution of such claim), then Republic may take any action or exercise any remedy available to it by appropriate legal proceedings to collect the Indemnifiable Damages.

ARTICLE X

SECURITIES LAW MATTERS

The parties agree as follows with respect to the sale or other disposition after the Effective Time of the Republic Shares:

10.1 **Disposition of Shares**. The Shareholders represent and warrant that the shares of Republic Common Stock being acquired by them hereunder are being acquired and will be acquired for their own respective accounts and will not be sold or otherwise disposed of, except pursuant to (a) an exemption from the registration requirements under the Securities Act, which does not require the filing by Republic with the SEC of any registration statement, offering circular or other document, in which case, the Shareholders shall first supply to Republic an opinion of counsel (which counsel and opinions shall be satisfactory to Republic) that such exception is available, or (ii) an effective registration statement filed by Republic with the SEC under the Securities Act.

10.2 **Legend**. The certificates representing the Republic Shares shall bear the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY THE HOLDER EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FILED UNDER THE ACT, AND IN COMPLIANCE WITH APPLICABLE SECURITIES LAWS OF ANY STATE WITH RESPECT THERETO, OR IN ACCORDANCE WITH AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER THAT AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE, AND ALSO MAY NOT BE SOLD,

TRANSFERRED OR OTHERWISE DISPOSED OF BY THE HOLDER WITHOUT COMPLIANCE WITH THE SECURITIES AND EXCHANGE COMMISSION'S ACCOUNTING SERIES RELEASES 130 AND 135.

Republic may, unless a registration statement is in effect covering such shares, place stop transfer orders with its transfer agents with respect to such certificates in accordance with federal securities laws.

ARTICLE XI

DEFINITIONS

11.1 **Defined Terms.** As used herein, the following terms shall have the following meanings:

"Affiliate" shall have the meaning ascribed to it in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date hereof.

"Average Closing Sale Price" shall mean $30.00 per share of Republic Common Stock issued pursuant to the terms hereunder.

"Contract" means any agreement, contract, lease, note, mortgage, indenture, loan agreement, franchise agreement, covenant, employment agreement, license, instrument, purchase and sales order, commitment, undertaking, obligation, whether written or oral, express or implied.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principles in effect in the United States of America from time to time.

"Governmental Authority" means any nation or government, any state, regional, local or other political subdivision thereof, and any entity or official exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, but not limited to, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code or comparable

law or any jurisdiction in connection with such mortgage, pledge, security interest, encumbrance, lien or charge).

"Material Adverse Change (or Effect)" means a change (or effect), in the condition (financial or otherwise), properties, assets, liabilities, rights, obligations, operations, business or prospects which change (or effect) individually or in the aggregate, is materially adverse to such condition, properties, assets, liabilities, rights, obligations, operations, business or prospects.

"Meyer Companies" shall mean Meyer Waste, Westchester, Meyer Mechanical and any Affiliates and any subsidiaries thereof.

"Person" means an individual, partnership, corporation, business trust, joint stock company, estate, trust, unincorporated association, joint venture, Governmental Authority or other entity, of whatever nature.

"Register", "registered" and "registration" refer to a registration of the offering and sale of securities effected by preparing and filing a registration statement in compliance with the Securities Act and the declaration or ordering of the effectiveness of such registration statement.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Tax Return" means any tax return, filing or information statement required to be filed in connection with or with respect to any Taxes; and

"Taxes" means all taxes, fees or other assessments, including, but not limited to, income, excise, property, sales, franchise, intangible, withholding, social security and unemployment taxes imposed by any federal, state, local or foreign governmental agency, and any interest or penalties related thereto.

11.2 <u>Other Definitional Provisions</u>.

(a) All terms defined in this Agreement shall have the defined meanings when used in any certificates, reports or other documents made or delivered pursuant hereto or thereto, unless the context otherwise requires.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) As used herein, the neuter gender shall also denote the masculine and feminine, and the masculine gender shall also denote the neuter and feminine, where the context so permits.

ARTICLE XII

TERMINATION, AMENDMENT AND WAIVER

12.1 **Termination**. This Agreement may be terminated at any time prior to the Effective Time:

(a) by mutual written consent of all of the parties hereto at any time prior to the Closing; or

(b) by Republic in the event of a material breach by any of the Meyer Companies or any of the Shareholders of any provision of this Agreement;

(c) by the Meyer Companies and the Shareholders in the event of a material breach by Republic of any provision of this Agreement;

(d) by the Meyer Companies and the Shareholders if the Closing shall not have occurred by November 27, 1996; or

(e) by Republic if the Closing shall not have occurred by February 6, 1997.

12.2 **Effect of Termination.** Except as provided in Article IX, in the event of termination of this Agreement pursuant to Section 12.1, this Agreement shall forthwith become void; provided, however, that nothing herein shall relieve any party from liability for the willful breach of any of its representations, warranties, covenants or agreements set forth in this Agreement.

ARTICLE XIII

GENERAL PROVISIONS

13.1 **Notices.** All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be delivered (and shall be deemed received if delivered) by certified or registered mail (first class postage pre-paid), guaranteed overnight delivery, or facsimile transmission if such transmission is confirmed by delivery by certified or registered mail (first class postage pre-paid) or guaranteed overnight delivery, to the following addresses and telecopy numbers

(or to such other addresses or telecopy numbers which such party shall designate in writing to the other party):

(a) **if to any of the Republic Companies to:**

Republic Industries, Inc.
200 East Las Olas Blvd., Suite 1400
Ft. Lauderdale, FL 33301
Attn: Richard L. Handley, General Counsel
Telecopy: (954) 522-8219

with a copy to:

Akerman, Senterfitt & Eidson, P.A.
One Southeast Third Avenue, 28th Floor
Miami, FL 33131
Attn: Jonathan L. Awner, Esq.
Telecopy: (305) 374-5095

(b) **if to the Meyer Companies and/or the Shareholders to:**

Mr. William E. Meyer
1305 North Lake Drive
Chesterton, IN 46304

with a copy to:

Handlon & Handlon
3207 Willowcreek Road, Suite A
Portage, IN 46368
Attn: Steven W. Handlon, Esq.
Telecopy: (219) 762-5931

13.2 **Entire Agreement.** This Agreement (including the Exhibits and Schedules attached hereto) and other documents delivered at the Closing pursuant hereto, contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter. The Exhibits and Schedules constitute a part hereof as though set forth in full above.

13.3 **Expenses.** Except as otherwise provided herein, the parties shall pay their own fees and expenses, including their own counsel fees, incurred in connection with this Agreement or any transaction contemplated hereby.

13.4 Amendment; Waiver. This Agreement may not be modified, amended, supplemented, canceled or discharged, except by written instrument executed by all parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other.

13.5 Binding Effect; Assignment. The rights and obligations of this Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns. Nothing expressed or implied herein shall be construed to give any other person any legal or equitable rights hereunder. Except as expressly provided herein, the rights and obligations of this Agreement may not be assigned by any of the Meyer Companies, or any Shareholders without the prior written consent of Republic.

13.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

13.7 Interpretation. When a reference is made in this Agreement to an article, section, paragraph, clause, schedule or exhibit, such reference shall be deemed to be to this Agreement unless otherwise indicated. The headings contained herein and on the schedules are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or the schedules. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Time shall be of the essence in this Agreement.

13.8 Governing Law; Interpretation. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Florida applicable to contracts executed and to be wholly performed within such State.

13.9 Jurisdiction.

(a) Any suit, action or proceeding arising out of, or with respect to, this Agreement or any judgment entered by any court in respect thereof shall be brought in the courts of Porter County, Indiana or in the U.S. District Court for the Northern District of Indiana as the parties hereto may elect, and each of the parties hereto hereby accepts the jurisdiction of those courts for the purpose of any suit, action or proceeding.

(b) In addition, each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any judgment entered by any court in respect thereof brought in Porter County, Indiana or the U.S. District Court for the Northern District of Indiana, as selected by Republic, and hereby further irrevocably waives any claim that any suit, action or proceedings brought in Porter County, Indiana or in such District Court has been brought in an inconvenient forum.

13.10 **Arm's Length Negotiations**. Each party herein expressly represents and warrants to all other parties hereto that (a) before executing this Agreement, said party has fully informed itself of the terms, contents, conditions and effects of this Agreement; (b) said party has relied solely and completely upon its own judgment in executing this Agreement; (c) said party has had the opportunity to seek and has obtained the advice of counsel before executing this Agreement; (d) said party has acted voluntarily and of its own free will in executing this Agreement; (e) said party is not acting under duress, whether economic or physical, in executing this Agreement; and (f) this Agreement is the result of arm's length negotiations conducted by and among the parties and their respective counsel.

[Signatures On Following Pages]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

REPUBLIC INDUSTRIES, INC., a Delaware corporation

By: Thomas A. Clements
Name: Thomas A. Clements
Title: Vice President

RI/MWS MERGER CORP., an Indiana corporation

By: Thomas A. Clements
Name: Thomas A. Clements
Title: Vice President

RI/WII MERGER CORP., an Indiana corporation

By: Thomas A. Clements
Name: Thomas A. Clements
Title: Vice President

RI/MMS MERGER CORP., an Indiana corporation

By: Thomas A. Clements
Name: Thomas A. Clements
Title: Vice President

[Signatures Continued On Following Page]

MEYER WASTE SYSTEMS, INC., an Indiana corporation

By: _____
William E. Meyer, President

WESTCHESTER INVESTMENTS, INC., an Indiana corporation

By: _____
William E. Meyer, President

MEYER MECHANICAL SERVICES, INC., an Indiana corporation

By: _____
William E. Meyer, President

SHAREHOLDERS:

EDWARD MEYER REVOCABLE TRUST

By: _____
Edward Meyer, as Trustee

WILLIAM E. MEYER REVOCABLE TRUST

By: _____
William E. Meyer, as Trustee

[Signatures Continued On Following Page]

JAMIE A. MEYER TRUST

By: Valerie Bruinius
Valerie Bruinius, as Trustee

MICHELLE M. MARTIN TRUST

By: Valerie Bruinius
Valerie Bruinius, as Trustee

WILLIAM E. MEYER, II TRUST

By: Valerie Bruinius
Valerie Bruinius, as Trustee

KATHRYN E. MEYER TRUST

By: Valerie Bruinius
Valerie Bruinius, as Trustee

Gale M. Meyer
Gale M. Meyer, individually

Dolores J. Meyer
Dolores J. Meyer, individually

William E. Meyer
William E. Meyer, individually

Edward Meyer
Edward Meyer, individually

132358

LIST OF EXHIBITS AND SCHEDULES

Exhibit A	Plan of Merger - Meyer Waste
Exhibit B	Plan of Merger - Westchester
Exhibit C	Plan of Merger - Meyer Mechanical

Schedule	3.1	Foreign Qualifications
Schedule	3.4	Capitalization
Schedule	3.5	Shareholders
Schedule	3.6	Required Consents
Schedule	3.8	Subsidiaries
Schedule	3.9	Financial Statements
Schedule	3.10	Changes Since the Current Balance Sheet
Schedule	3.12	Litigation
Schedule	3.13	Environmental Matters
Schedule	3.14(a)	Owned Properties
Schedule	3.14(b)	Leased Premises
Schedule	3.15(a)	Liens
Schedule	3.15(b)	Vehicles
Schedule	3.16	Compliance with Laws
Schedule	3.17	Labor Matters; Employees and Employment Agreements
Schedule	3.18	Employee Benefit Plans
Schedule	3.19	Tax Matters
Schedule	3.20	Insurance Matters
Schedule	3.23	Affiliated Transactions
Schedule	3.24	Intellectual Property
Schedule	3.25	Designated Contracts
Schedule	3.26	Material Customers
Schedule	3.30	Names; Acquisitions

SCHEDULE 3.30: Names

1. Names used by Meyer Companies:

    a. Meyer Waste Systems, Inc.

    b. Meyer Mechanical Services, Inc.

    c. Westchester Investments, Inc.

    d. Meyer Transportation, LLC

    e. Able Disposal

    f. Tri-Creek Disposal

2. Acquisitions of other businesses within past three (3) years:

    a. Assets of Acme Disposal of Indiana, Inc.

    b. Assets of Complete Waste Management, Inc.

    c. Assets of Tri-Creek Disposal (George Kooistra)

    d. Assets of Leon's Disposal, Inc.

COPY

ACQUISITION OF STOCK
OF
ACTIVE SERVICE CORP.
BY
BROWNING-FERRIS INDUSTRIES OF ILLINOIS, INC.

NOVEMBER 30, 1994

Description	TAB
Agreement	1
Schedules Schedule 3.4 - Pooling Representation Letter Schedule 3.5 - Financial Statements of the Company Schedule 3.6 - Liabilities of the Company Schedule 3.7 - List of Accounts and Notes Receivable of the Company Schedule 3.8 - (a) List and Summary Description of all Permits; (b) Records, Notifications; and (c) Information on Facilities Schedule 3.9 - Fixed Assets Schedule 3.10 - Other Properties and Fixed Assets Schedule 3.11 - Material Contracts and Agreements Schedule 3.12 - Storage or Disposal on Real Property Schedule 3.13 - Insurance Schedule 3.14 - Officers and Directors Schedule 3.15 - Employee Benefit Plans Schedule 3.17 - Billings and Collections Schedule 3.18 - Laws and Regulations, Litigation Schedule 3.20 - Copies Complete; No Default Schedule 3.21 - No Change Schedule 3.22 - List of Banks Schedule 3.25 - Underground Storage Tanks Schedule 3.26 - Disposal Facilities Schedule 7.5 - Liabilities Schedule 7.6 - Material Contracts and Agreements	2
Cross Receipt	3
Letter of Affirmation from Active Owners	4
Agreement Respecting Employment	5
General Escrow Agreement	6
Midco Escrow Agreement	7
UST Escrow Agreement	8
Stockholders' Certificate	9

Certificate of Secretary of Active Service Corp. 10

Certificate of Stockholders of Active Service Corp. 11

Certificate of Assistant Secretary 12

Consent of Directors of Active Service Corp. to Action Without a Meeting 13

Consent of Shareholders of Active Service Corp. to Action Without a Meeting 14

Resignations 15

Release 16

Certificate 17

Power of Attorney 18

Letters of Counsel 19

Certificate of Incorporation 20

Certificate of Good Standing 20

AGREEMENT

THIS AGREEMENT, dated as of the 30th day of November, 1994, among BROWNING-FERRIS INDUSTRIES OF ILLINOIS, INC., a Delaware corporation ("BFI"), ACTIVE SERVICE CORP., an Illinois corporation (the "Company"), and Richard K. De Boer and Jack E. De Boer (the "Stockholders"), as owners of all of the issued and outstanding shares of the capital stock of the Company,

W I T N E S S E T H:

WHEREAS, the Stockholders, directly or indirectly, own and will own on the Closing Date (as defined in Section 2) all of the issued and outstanding shares of the capital stock of the Company (the "Stock"), which they desire to exchange pursuant to this Agreement solely for shares of voting Common Stock, $.16-2/3 par value, of Browning-Ferris Industries, Inc., a Delaware corporation and parent company of BFI (the "Parent")(such stock the "BFI Stock"), as hereinafter provided;

WHEREAS, BFI desires to acquire all of the Stock solely for shares of BFI Stock, as hereinafter provided;

WHEREAS, BFI has, contemporaneously with the execution of this Agreement, entered into an Agreement with the Stockholders to acquire assets of Key Disposal Co., an Illinois corporation and a Real Estate Purchase Agreement with Richard K. De Boer, Sr. (such agreements collectively the "Contemporaneous Agreements"), such agreements individually and in the aggregate inducing BFI to execute this Agreement and further, subject to the fulfillment of the terms and conditions contained herein, to consummate the transactions contemplated by this Agreement;

NOW, THEREFORE, the parties agree as follows:

1. EXCHANGE OF SHARES.

1.1 <u>Transfer of Consideration</u>.

a. The Stockholders agree to deliver or cause to be delivered to BFI on the Closing Date the number of shares of Stock set forth opposite the names of each of the Stockholders on Annex A hereto. In exchange for the Stock, BFI agrees to issue and deliver to the Stockholders on the Closing Date a

number of shares of BFI Stock having an aggregate Stated Value (as defined below) of Ten Million, Seven Hundred Ninety One Thousand, Six Hundred Twenty Dollars and 00/100 ($10,791,620.00) set forth opposite the names of each of the Stockholders on Annex A hereto. The Stated Value per share of the BFI Stock as used in this Agreement shall mean Twenty Eight and 50/100 Dollars ($28.50). BFI is obtaining all BFI Stock to be delivered under this Agreement from the Parent in consideration of cash and a promissory note totalling in the aggregate the value of such BFI Stock.

b. On the Closing Date, BFI agrees to deliver to the General Escrow Agent (as defined in that certain escrow agreement entitled "General Escrow Agreement" to be executed at the Closing, a copy of which is attached as Annex "B") a number of shares of BFI Stock to be held in escrow, in accordance with and pursuant to the General Escrow Agreement, having an aggregate Stated Value of One Million, One Hundred Forty Nine Thousand, Nine Hundred Twenty Seven Dollars and 00/100 ($1,149,927.00) (the "General Escrow Payment"). On the first anniversary following the Closing Date, in accordance with and pursuant to the General Escrow Agreement, the General Escrow Agent shall deliver the General Escrow Payment to the Stockholders; provided however, such delivery and thus the consideration shall be reduced by the number of shares having an aggregate Stated Value equal to (i) the amount, if any, which Net Debt (defined below) exceeds Eight Hundred Eighty One Thousand Three Hundred Ninety Six Dollars and 86/100 ($881,396.86), (ii) all amounts owing to BFI as a result of any Guaranteed Revenue Shortfall (as

defined below), (iii) all amounts which are owing to BFI under this Agreement as a result of any breach of a representation, warranty, or covenant under this Agreement by the Company or any Stockholder and (iv) any amounts otherwise owing to BFI under this Agreement; provided, further, that any such retainage by the General Escrow Agent or BFI shall not limit BFI's rights or the amounts of damages it may recover from the Company or any Stockholder as a result of any breach of this Agreement. In determining the amount of shares to be delivered to the Stockholders pursuant to the General Escrow Agreement, the Stockholders shall receive a credit in shares (or the General Escrow Agent shall receive additional shares, if appropriate) equal to the aggregate Stated Value of the accounts receivable aged greater than ninety (90) days as of the Closing Date. As used in this Section 1.1, "Net Debt" shall mean the amount by which the Company's liabilities (as defined below) exceed the Company's Current Assets (as defined below), as determined by the Closing Date Balance Sheet (as defined in Section 1.3 below). For purposes of this Section 1.1(b), liabilities shall include all of the Company's liabilities as well as bad debt, revenue billed or collected by the Company not yet earned, all payoff amounts under equipment leases, and any preferred stockholders' equity. For purposes of this Section 1.1(b), Current Assets consists of cash and an amount equal to ninety-five percent (95%) of the face value of accounts receivable aged ninety (90) days or less; provided, that any credit balance in any of the foregoing shall be treated as a liability for purposes of calculating Net Debt. "Guaranteed Revenue" is defined as, for the respective periods, Seven Hundred Sixty Three Thousand, Five Hundred

Forty One Dollars and 81/100 ($763,541.81) for the month of July, 1994, Eight Hundred Seventeen Thousand, Sixty Eight Dollars and 04/100 ($817,068.04) for the month of August, 1994, and Eight Hundred Four Thousand, Nine Hundred Two Dollars and 07/100 ($804,902.07) for the month of September, 1994. If such gross revenues are actually less than the Guaranteed Revenue, then any payment to the Stockholders of the General Escrow Payment, and thus the aggregate Stated Value of the General Escrow Payment shall be reduced by Eighteen and 50/100 Dollars ($18.50) for each one dollar deficiency of the Guaranteed Revenue (such reduction the "Guaranteed Revenue Shortfall").

In the event that Net Debt is less than $881,396.86, as determined by the Closing Date Balance sheet pursuant to Section 1.3 herein, BFI shall deliver to the General Escrow Agent a number of shares having an aggregate Stated Value equal to the amount by which Net Debt is below $881,396.86.

c. Additionally, on the Closing Date, BFI agrees to deliver to the UST Escrow Agent (as defined in that certain escrow agreement entitled "UST Escrow Agreement" to be executed at the Closing, a copy of which is attached as Annex "C") a number of shares of BFI Stock having an aggregate Stated Value of One Hundred Thousand Dollars ($100,000) (the UST Escrow Payment) to be held in escrow pursuant to the UST Escrow Agreement. Any retainage by the UST Escrow Agent or BFI shall not limit BFI's rights or the amounts of damages BFI may recover from the Company or any Stockholder.

d. Further, on the Closing Date, BFI agrees to deliver to the Midco Escrow Agent (as defined in that

certain escrow agreement entitled "Midco Escrow Agreement" to be executed at the Closing, a copy of which is attached as Annex "D" a number of shares of BFI Stock having an aggregate Stated Value of One Hundred Thousand Dollars ($100,000) (the Midco Escrow Payment) to be held in escrow pursuant to the Midco Escrow Agreement. Any retainage by the Midco Escrow Agent or BFI shall not limit BFI's rights or the amounts of damages BFI may recover from the Company or any Stockholder.

1.2 Endorsement of Stock. The Stockholders shall deliver the certificates representing the Stock, duly endorsed in blank by the owners thereof as set forth on Annex A hereto, or accompanied by stock powers duly executed in blank, and with all necessary transfer tax and other revenue stamps, acquired at Stockholders' expense, affixed and canceled. The Stockholders agree to cure any deficiencies with respect to the endorsement of the certificates or other documents of conveyance with respect to such Stock or with respect to the stock powers accompanying any such Stock.

1.3 Closing Date Balance Sheet. Within sixty (60) days after the Closing Date, BFI or its representatives, at BFI's sole cost and expense, with the cooperation of representatives of the Stockholders, at the Stockholders' sole cost and expense, will prepare a balance sheet for the Company as of the Closing Date in accordance with generally accepted accounting principles applied, to the extent allowable under such principles, on a basis consistent with the Most Current Balance Sheet (as defined in Section 3.5(a) hereof) (such prepared balance sheet referred to as the "Closing Date Balance Sheet"). The Stockholders shall be promptly provided with the Closing Date Balance Sheet and, upon request, the Stockholders or their representatives, at their sole cost and expense, may review the manner of preparation of the

Closing Date Balance Sheet and the entries therein, including discussions with BFI and the preparer of the Closing Date Balance Sheet. The Stockholders shall have thirty (30) days after the receipt of such balance sheet by a Stockholder to dispute the correctness thereof (i.e., that same has not been prepared as set forth above) by written notice to BFI. If no such written notice is provided, the Stockholders shall be deemed to have accepted the Closing Date Balance Sheet as correct. In the event that the Stockholders so dispute the correctness of the Closing Date Balance Sheet, the dispute shall be settled by a nationally recognized certified public accounting firm mutually agreed upon by BFI and the Stockholders which shall have an office in or around Chicago, Illinois and which shall not have, then or previously, any significant relationship with the parties hereto. The Stockholders and BFI shall both engage such accounting firm as soon as practicable (in any event, within thirty (30) days after the Stockholders' notice of such dispute) and they shall each bear one-half of such firm's fees in connection therewith.

2. CLOSING. The exchange of shares referred to in Section 1 hereof (the "Closing") shall take place at 10:00 a.m. at the offices of Hoogendoorn, Talbot, et al, on November 30, 1994, or at such other time and date as BFI and the Stockholders may in writing designate or such exchange actually occurs (the "Closing Date").

3. REPRESENTATIONS AND WARRANTIES. The Company and the Stockholders jointly and severally represent and warrant as follows:

3.1 Stock. All of the Stock is owned, and at the Closing will be owned, by the Stockholders in the respective amounts set forth on Annex A hereto, free and clear of

all liens, encumbrances, claims, options, warrants, calls and commitments of every kind. The Stockholders have full legal right, power and authority to enter into this Agreement and to exchange, assign and transfer the Stock to BFI and, on the Closing Date, the delivery of the Stock to BFI hereunder will transfer valid title thereto, free and clear of all liens, encumbrances, claims, options, warrants, calls and commitments of any kind.

3.2 Existence and Good Standing. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Illinois, and it is duly authorized, qualified, permitted and licensed under all applicable laws, regulations, ordinances and orders of public authorities to carry on its business in the places and in the manner as now conducted. True and complete copies of the charter documents and by-laws of the Company, as amended to the date hereof, certified as of a recent date (a) in the case of the charter documents of the Company, by the Secretary of State of Illinois and (b) in the case of the by-laws of the Company, by the Secretary of such corporation, have been delivered to BFI.

3.3 Outstanding Stock; Subsidiaries. The authorized capital stock of the Company consists solely of 1,000,000 shares of common stock, $.50 par value, of which 34,834 shares are issued and outstanding. Each share of Stock is duly and validly authorized and issued, fully paid and nonassessable, and was not issued in violation of the preemptive rights of any stockholder. No option, warrant, call or commitment of any kind obligating the Company to issue any of its authorized but unissued capital stock or other equity interest exists. The Company has no subsidiaries and owns no securities (including without limitation, stock, warrants, calls, options, notes, bonds

or other evidences of ownership or indebtedness) of any other person, firm or corporation.

3.4 Pooling Representation Letter. Concurrently with the execution of this Agreement, the Stockholders have delivered to BFI that certain letter in the form of Schedule 3.4 entitled "Pooling Representations Letter" (the "Pooling Representations Letter"). The representations therein are true and correct and the Company and the Stockholders shall perform the covenants and agreements set forth therein.

3.5 Financial Statements. The Stockholders have delivered to BFI copies of the following financial statements ("Financial Statements") of the Company (Schedule 3.5):

(a) Balance Sheet ("Most Current Balance Sheet") as of October 31, 1994 (the "Balance Sheet Date");

(b) Statement of Income and Retained Earnings ("Most Current Income Statement") for the nine (9) months ended on October 31, 1994; and

(c) Balance Sheets, Statements of Income and Retained Earnings and Statements of Cash Flows for its three (3) most recent prior fiscal years.

The Most Current Balance Sheet (including the notes thereto) has been compiled and reviewed in accordance with generally accepted accounting principles. The Financial Statements have been compiled and reviewed on a basis consistent with the respective prior such statements of the Company. Without limitation of the foregoing, the Most Current Balance Sheet presents fairly and accurately the financial position of the Company as of the date indicated thereon and the Most Current Income Statement presents fairly and accurately the results of

operations of the Company for the period indicated thereon.

3.6 Liabilities.

(a) The Stockholders have delivered to BFI a complete and accurate list (Part I of Schedule 3.6) of all fixed and uncontested liabilities of the Company, of any kind, character and description, which are not reflected or reserved for in the Most Current Balance Sheet, and stating as to each such liability the amount of such liability and to whom payable.

(b) Part II of Schedule 3.6 sets forth a complete and accurate list of all Contingent Liabilities of the Company existing on the date hereof whether or not reflected or reserved for in the Most Current Balance Sheet. "Contingent Liability(ies)" means a liability of any kind, character and description asserted (or likely to be asserted) in writing or orally against the Company and where such liability is not fixed as to amount or is contested, including, without limitation, all proceedings, claims and suits pending, or to the best knowledge of the Company and each of the Stockholders, threatened against the Company. For each such Contingent Liability, the Stockholders have provided the following in Part II of Schedule 3.6:

(i) a summary description of each such liability together with copies of all material documents, reports and other records relating thereto;

(ii) all amounts claimed with respect to such liability (including any other action or

relief sought) and the identity of the claimant;

(iii) without limitation of the foregoing, (A) the name of each court, agency, bureau, board, or body before which any claim, suit, or proceeding is pending, including, without limitation, those arising under federal, state, or local laws regulating or governing the discharge or release of materials into the environment or otherwise relating to the protection of public health or the environment, those arising out of personal injury or property damage (including all worker's compensation and occupational disease and injury claims, suits and proceedings) and citations under the Occupational Safety and Health Act, (B) the date such claim, suit, or proceeding was instituted, (C) the parties to such claim, suit or proceeding, (D) a description of the factual basis alleged to underlie the claim, suit or proceeding, including without limitation, the date or dates of all material occurrences, (E) the amount claimed and other relief sought and (F) all material pleadings, briefs and other documents relating thereto; and

(iv) a reasonable best estimate by the Stockholders of the maximum amount, if any, which is likely to become payable with respect to each such liability (including for each claim, suit or proceeding identified under subpart (iii)); provided, however, that if no fixed, aggregate dollar amount is provided on such Part II as the

Stockholders' reasonable best estimate with respect to such liability, the Stockholders' reasonable best estimate shall for all purposes (including, without limitation, the provisions of Section 6.1 hereof) be deemed to be the amount reflected or reserved in the Most Current Balance Sheet or, if not so reflected or reserved, zero.

Except to the extent expressly set forth and described in Part II of Schedule 3.6, all amounts which will become payable with respect to each of the Company's liabilities listed in Part II of Schedule 3.6 will be fully paid to the claimant or reimbursed to the Company by third party insurance companies within a reasonable period (not to exceed 180 days) after such matter is settled and the amount of such liability becomes fixed.

3.7 Receivables. The Stockholders have delivered to BFI a summary (Schedule 3.7) as of the Balance Sheet Date, of the accounts receivable (in the form of an aged account balance) and notes receivable of the Company. Such accounts and notes receivable are due and owing and, to the best of each of the Stockholders' knowledge, there is no event which would result in any defense or right of set-off.

3.8 Permits, Licenses, etc.

(a) The Stockholders have delivered to BFI a complete and accurate list, summary description and copies (Part I of Schedule 3.8), as of the date hereof, of all permits, licenses, franchises, site assignments, certificates, trademarks, tradenames, patents, patent applications and copyrights (including, without limitation radio and motor

vehicle licenses) owned or held by the Company. Except as expressly set forth and described on Schedule 3.8, all of the permits, licenses, applications, franchises and other items set forth therein are adequate for the operation of the Company's business as presently constituted and are valid and in full force and effect.

(b) Except to the extent expressly set forth and described in Part I of Schedule 3.8, the Stockholders have delivered to BFI a complete and accurate list, summary description and copies (Part II of Schedule 3.8) as of the date hereof, of all material records, notifications, reports, permits, licenses and pending permit applications filed or submitted or required to be filed or submitted to appropriate governmental agencies, and of all material notifications from such governmental agencies relating to any such records, notifications, reports, permits, licenses or applications, all pursuant to federal, state, or local laws, rules, or regulations regulating the discharge or release of materials into the environment, the handling, disposal, or transportation of waste materials or hazardous or toxic substances or otherwise relating to the protection of public health or the environment.

(c) The Company owns (1) that certain transfer station located at 1712 Church Street, Evanston, Illinois, (such property with improvements the "Facility") as described in that permit dated February 27, 1984 and that permit No. 03108103 by the Illinois Environmental Protection Agency. Except as expressly set forth and described in Part III of Schedule 3.8:

(i) The Facility is fully licensed, permitted and authorized to carry on its current business under all applicable federal, state and local statutes, orders, approvals, zoning or land use requirements, rules and regulations including without limitation the federal Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, Safe Drinking Water Act, as amended, and the Comprehensive Environmental Response, Compensation, and Liability Act, as amended.

(ii) All activities and operations at the Facility are being and have been conducted in compliance with the requirements, criteria, standards and conditions set forth in all applicable federal, state and local statutes, orders, approvals, permits, site assignments, zoning, or land use requirements and restrictions, variances, licenses, rules and regulations.

(iii) The Facility is located on the respective tracts of real property described in the respective real property descriptions and permits referenced above, and such real property is leased by the Company.

(iv) The Company and Stockholders have no reports in their possession which indicate that the Facility is incapable of accepting solid wastes without damage to the Facility.

(v) No third parties have any rights to drill or explore for, collect, produce, mine,

excavate, deliver or transport oil, gas, coal or other minerals in, on, beneath, across, through or from any portion of the Facility, except as expressly set forth and described in Part III of Section 3.8.

(vi) The Stockholders do not know of any circumstance, condition or reason which in their judgment is likely to be the basis for revocation or suspension of any of the Facility's site assignments, permits, licenses, consents, authorizations, variances or approvals.

(vii) No portion of the Facility (i) contains any wetlands or lies within any floodway or the 100 year flood plain as determined or designated by the U.S. Army Corp of Engineers or any other federal, state, or local governmental agency or instrumentality; and (ii) to the best of each of the Stockholders' knowledge, lies within any fault area, seismic impact area, or any other unstable area, including deep mined areas.

3.9 Fixed Assets. The Stockholders have delivered to BFI a complete and accurate list and summary description (Schedule 3.9), as of the date hereof, of all the fixed assets of the Company, including, without limitation, all real property, identification of each vehicle by description and serial number, identification of waste containers, compactors and other machinery and equipment by type and amount and a general description of parts, supplies and inventory. The Stockholders have also delivered to BFI, as part of Schedule 3.9, copies of all the Company's leases whether for real or personal

property. All of the Company's vehicles, machinery and equipment are in good working order and condition. All leases of fixed assets are in full force and effect and binding upon the parties thereto and none of the parties thereto is in breach of any of the material provisions thereof. All fixed assets used by the Company in the operation of its business are either owned by the Company or leased under an agreement reflected in Schedule 3.9.

3.10 Other Assets. The Stockholders have delivered to BFI a list and summary description (Schedule 3.10), as of the date hereof, of all properties and assets of the Company other than those shown on Schedules 3.7, 3.8 or 3.9.

3.11 Contracts and Agreements; Adverse Restrictions.

(a) The Stockholders have attached a complete and accurate list (Schedule 3.11) and have delivered copies, as of the date hereof, of all material contracts and agreements (other than leases included with Schedule 3.9, benefit plans included with Schedule 3.15 and individual customer service agreements with annual billings less than $1200, (such service agreements referred to herein as "Small Service Agreements") to which the Company is a party or by which it or any of its property is bound (including, without limitation joint venture or partnership agreements, contracts with any labor organizations, loan agreements, promissory notes, bonds, mortgages, liens, pledges, or other security agreements, and, in the case of loan-related agreements, each payee, interest rate, maturity date, scheduled periodic payment and any prepayment penalties). All such contracts and agreements included in Schedule 3.11 are in full force and effect and binding upon the parties thereto, the Company is not in breach of the material provisions

thereof, and, to the best knowledge of the Company and each of the Stockholders, none of the other parties thereto is in breach of any of the material provisions thereof. None of the Company's customers set forth in Schedule 3.11 have canceled or substantially reduced service or are currently attempting or threatening to cancel or substantially reduce service. Schedule 3.11 also contains a copy of the Company's standard form of individual waste service agreement and such agreement is, in all material respects, the form of the Small Service Agreements except as otherwise set forth in Schedule 3.11. Except as expressly set forth and described in Schedule 3.11, all of the Company's customers are served pursuant to exclusive municipal franchises or agreements or individual written service agreements.

(b) Except as expressly set forth and described on Schedule 3.11, the Company is not a party to any contract, agreement, or other commitment or instrument or subject to any charter or other corporate restriction or subject to any restriction or condition contained in any permit, license, judgment, order, writ, injunction, decree or award which, singly or in the aggregate, materially and adversely affects or is likely to materially and adversely affect the business, operations, properties, assets, or condition (financial or otherwise) of the Company.

3.12 Title and Liens.

(a) The Company has good and indefeasible title to all properties, contracts, assets and leasehold estates, real and personal, owned and used in its business, subject to no mortgage, pledge, lien,

conditional sales agreement, encumbrance or charge, except for:

(i) liens or security interests described in Section 3.11 securing the payment of indebtedness reflected in the Most Current Balance Sheet and described in Schedule 3.6;

(ii) liens for current taxes and assessments that are not yet due and payable; and

(iii) title encumbrances of record which are validly existing and affect the Real Properties (as defined below).

(b) Without limiting the foregoing, the condition of title and interest in the Company's real property (including real property which is leased, during the pendency of such lease) described in Schedule 3.9 (the "Real Properties") is as follows:

(i) there are no leases, tenancy agreements or any other agreements or arrangements which create in or confer upon any party other than the Company the right to occupy or possess all or any portion of the Real Properties or create in or confer on any such party any right, title or interest in or to the Real Properties or any portion thereof or any interest therein;

(ii) no party other than the Company occupies or possesses the Real Properties or any portion thereof;

(iii) no portion of the Real Properties lies within any floodway or the one hundred year flood plain as determined or designated by the U.S. Army Corp. of Engineers or any other federal, state, or local governmental agency or instrumentality;

(iv) there is legal and adequate ingress and egress between each tract of the Real Properties and an adjacent public roadway;

(v) the Real Properties are properly zoned in order to allow its current use in the Company's business; and

(vi) there are no claims or demands pending or, to the best knowledge of the Company and each of the Stockholders, threatened by any party against the Real Properties which, if valid, would create for or confer upon, any party other than the Company any right, title or interest in or to the Real Properties or any portion thereof or any interest therein.

(vii) No assessments for public improvements or otherwise have been made against the Real Properties which remain unpaid, including, without limitation, those for construction of sewer, water, gas and electric lines, mains, streets, roads, sidewalks and curbs.

(viii) The Company has not received notice of any default or breach under any of the instruments creating the debt and security interests in Schedule 3.11, covenants, conditions, restrictions, rights-of-way, or

easements affecting the Real Properties or any portion thereof; no such default or breach now exists; and no event has occurred and is continuing which with notice or the passage of time would constitute a default under any of the foregoing.

(c) Other than in compliance with the permits described in Part I of Schedule 3.8 and other than at the Facility described in Part III of Schedule 3.8 and except as is expressly set forth and described on Schedule 3.12, to the best of each of the Stockholders' knowledge, no solid or liquid wastes of any kind or character have ever been deposited or disposed of on or in the Real Properties and no chemicals or hazardous substances have ever been stored or maintained on or in the Real Properties.

3.13 Insurance. The Stockholders have delivered to BFI a complete and accurate list (Part I of Schedule 3.13) and copies of all insurance policies presently carried by the Company. Such list shall specify, for each policy, the name of the insurer, a summary description of the property or interest insured and the type of risks insured, the deductible and limits of coverage, and the annual premium therefor. The insurance policies shown as being presently carried by the Company are in full force and effect, no party is in material breach thereof and shall remain in effect through the Closing Date. For each insurer providing coverage for any of the liabilities listed in Schedule 3.6, except to the extent otherwise expressly set forth and described in Part II of Schedule 3.13, each such insurer has been properly and timely notified of such matter, no reservation-of-rights letters have been received by the Company and the respective insurer has assumed defense of each suit or legal proceeding.

3.14 Personnel. The Stockholders have delivered to BFI a list (Schedule 3.14), as of the date hereof, of all officers, directors and employees (by type or classification) of the Company and their respective rates of compensation (including the portions thereof attributable to bonuses), including without limitation any other salary, bonus, or other payment arrangement made with any of them. Schedule 3.14 also lists a detailed description of all citations for violations of motor vehicle laws and regulations against each such employee for the past five (5) years. Further, Schedule 3.14 lists for each of the Stockholders, and each of the officers, directors, and managerial employees of the Company, any charge or violation of antitrust or similar laws, environmental laws or regulations, and bribery, racketeering, or similar laws which are pending against any such individuals or to which any such individuals have, within the past ten (10) years, been found, or entered a plea of, guilty or guilty to a lesser degree or have entered a plea of nolo contendere or no contest.

3.15 Benefit Plans.

(a) The Stockholders have delivered to BFI a complete and accurate list (Schedule 3.15) and copies (including all amendments) of all the following agreements or plans of the Company, any domestic subsidiary of the Company, any subsidiary of the Company in any foreign country or territory, or any other entity which, together with the Company or any subsidiary of the Company, constitutes a single employer within the meaning of Section 414 of the Internal Revenue Code of 1986 (hereinafter collectively referred to as the "Company Group" and the "Code", respectively) which are presently in effect or which have been in effect at any time, or, in the case of documents referred to in

subparts (ii) below, have been in effect at any time prior to the date hereof:

(i) "employee welfare benefit plans" and "employee pension benefit plans", as defined in Sections 3(1) and 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA");

(ii) any other pension, profit sharing, retirement, deferred compensation, stock purchase, stock option, incentive, bonus, vacation, severance, disability, medical, life insurance, automobile, or other employee benefit plan, program, policy, or arrangement, whether written or unwritten, formal or informal, which any member of the Company Group maintains or to which any member of the Company Group has any outstanding, present, or future obligation to contribute to or make payments under, whether voluntary, contingent, or otherwise (the plans, programs, policies, or arrangements described in subparts (i) or (ii) are herein collectively referred to as the "Company Plans").

The Stockholders have delivered to BFI all governmental filings, Internal Revenue Service determination letters, financial statements, and actuarial reports, including but not limited to, financial statements of each "Qualified Plan", as defined below, as of the Balance Sheet Date (which shall subsequently be prepared as of the Closing Date and delivered to BFI), the most recent actuarial report for each employee pension benefit plan and Internal Revenue Service Forms 5500 for

each Company Plan for each of the five most recent plan years. All financial statements and actuarial reports have been (and in the case of those to be prepared, will be) prepared in accordance with generally accepted accounting principles and actuarial principles, applied on a uniform and consistent basis.

(b) Schedule 3.15 identifies each of the Company Plans which purports to meet the requirements of Section 401(a) of the Code ("Qualified Plans"). The Internal Revenue Service has issued a favorable determination letter to the effect that each Qualified Plan meets the requirements of Section 401(a) of the Code and that the related trust is exempt from taxation under Section 501(a) of the Code, and such determination letter remains in effect and has not been revoked. No Qualified Plan has been amended since the issuance of the most recent determination letter. No issue concerning qualification of any Qualified Plan is pending before or threatened by the Internal Revenue Service. Each Qualified Plan has been administered according to its terms, except for those terms which are inconsistent with the changes required by statutes, regulations and rulings for which changes are not yet required to be made, in which case each Qualified Plan has been administered in accordance with the provisions of the statutes, regulations, and rulings, and no member of the Company Group nor any fiduciary of any Qualified Plan has taken any action which would adversely affect the qualified status of any Qualified Plan or any related trust. Each Qualified Plan currently complies in writing with the requirements under Section 401(a) of the Code, other than changes required by statutes,

regulations and rulings for which amendments are not yet required.

(c) Each member of the Company Group is in compliance with the requirements prescribed by any and all statutes, orders, governmental rules and regulations applicable to the Company Plans and all reports and disclosures relating to the Company Plans required to be filed with or furnished to governmental agencies, participants, or beneficiaries prior to the Closing Date have been or will be filed or furnished in a timely manner and in accordance with applicable law.

(d) Except as expressly set forth and described in Schedule 3.15, no termination or partial termination of any Company Plan has occurred, nor has a notice of intent to terminate any Company Plan been issued by a member of the Company Group. The Pension Benefit Guaranty Corporation has not instituted, and is not expected to institute, any proceedings to terminate any Company Plan. Each employee pension benefit plan listed as terminated in Part II of Schedule 3.15 has met the requirements for standard termination of single-employer plans contained in Section 4041(b) of ERISA.

(e) No Company Plan has suffered any "accumulated funding deficiency", within the meaning of ERISA Section 302 and Section 412 of the Code, whether or not waived, and if any Company Plan were terminated on the Closing Date, no member of the Company Group would have any liability to any participants or beneficiaries as a result of the termination except to the extent of funds set aside for such purpose or reflected as reserved for such purpose on

Seller's Most Current Balance Sheet. Each member of the Company Group has made full and timely payment of, or has accrued pending full and timely payment, all amounts which are required under the terms of each Company Plan and in accordance with applicable laws to be paid as a contribution to each Company Plan. Schedule 3.15 sets forth the unfunded accrued liabilities of each "defined benefit plan", as defined in Section 3(35) of ERISA, as of the date indicated by the actuaries for such Plan.

(f) Except as expressly set forth and described in Schedule 3.15, no member of the Company Group has any past, present, or future obligation or liability to contribute to any "multi-employer plan," as defined in ERISA Section 3(37) (a "Multi-employer Plan"). Schedule 3.15 sets forth all Company Group contributions made to each Multi-employer Plan for the 12 months ending on the last day of its most recent fiscal year.

(g) No member of the Company Group has any liability to the Pension Benefit Guaranty Corporation or, to the best of each of the Stockholders' knowledge, withdrawal liability to any Multi-employer Plan has been or is expected to be incurred or would be incurred if any Company Plan were terminated on the Closing Date or if any member of the Company Group were to withdraw from any Multi-employer Plan on the Closing Date. There has been no "reportable event," within the meaning Section 4043(b) of ERISA, with respect to any Company Plan, for which notice has not been waived.

(h) No member of the Company Group is liable or has been advised that it is liable for any funding taxes under Code Sections 413(b)(6) or 4971 on

account of an accumulated funding deficiency of any Multi-employer Plan to which any member of the Company Group has contributed or is required to contribute.

(i) Except as listed in Schedule 3.15, no Company Plan is subject to Title IV of ERISA.

(j) No member of the Company Group is obligated, contingently or otherwise, under any agreement to pay any amount which will be treated as an "excess parachute payment", as defined in Code Section 280G(b), and any "parachute payment", as defined in Code 280G(b), with respect to which any member of the Company Group is obligated, contingently or otherwise, will be deductible under state and federal income tax laws and will not give rise to an excise tax under Code Section 4999.

(k) Except as expressly set forth and described in Schedule 3.15, no member of the Company Group is liable for any unpaid wages, bonuses, commissions, taxes, penalties, assessments, or forfeitures arising from any employment matter.

(l) No member of the Company Group has committed any violations of the Civil Rights Act of 1964, as amended, the federal wage and hour laws, or federal or state income, unemployment, or social security withholding laws.

(m) Each member of the Company Group has complied with applicable workers compensation statutes.

(n) No member of the Company Group nor any other "disqualified person" or "party in interests", as defined in Section 4975 of the Code and ERISA

Section 3(14), respectively, has engaged in any "prohibited transaction", as defined in Section 4975 of the Code or ERISA Section 406. All "fiduciaries", as defined in Section 3(21) of ERISA, with respect to the Company Plans, have complied in all respects with the requirements of Section 404 of ERISA. Neither any member of the Company Group nor any party in interest or disqualified person has taken or omitted any action with respect to the Company Plans which could lead to the imposition of an excise tax under the Code or a fine under ERISA.

(o) Other than routine claims for benefits, there are no actions, audits, investigations, suits, or claims pending, or to the best of each Stockholder's and the Company's knowledge threatened against any of the Company Plans or any fiduciary of any of the Company Plans or against the assets of any of the Company Plans.

(p) The consummation of the transactions contemplated hereby will not accelerate or increase any liability under any Company Plan because of an acceleration or increase of any of the rights or benefits to which employees may be entitled thereunder.

(q) Until the Closing Date, no member of the Company Group shall amend any Company Plans, except to the extent necessary to maintain compliance with the Code or ERISA or to the extent provided to the contrary herein, increase any benefits or rights under any Company Plan, or adopt any new plan, program, policy, or arrangement which, if it existed as of the Closing Date, would constitute a Company Plan.

(r) Except as listed in Schedule 3.15, no member of the Company Group has any obligation to any retired or former employee or any current employee upon retirement, under any Company Plan, and any Company Plan can be terminated without resulting in any liability to BFI for any additional penalties, premiums, fees, or any other charges.

(s) Each member of the Company Group has complied in all respects with the continuation coverage requirements of Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), as amended.

(t) Prior to the Closing Date, the Stockholders shall cause the Company to, and the Company shall, terminate or take all steps necessary to commence the termination of the Qualified Plans, other than any Multi-employer Plan, including without limitation, issuing a notice of Intent to terminate to affected parties at least sixty (60) days before the proposed termination date in accordance with the Single-Employer Pension Plan Amendments Act of 1986 ("SEPPAA"), as applicable, and the regulations issued thereunder. The Stockholders and the Company shall be responsible for completing the termination of the Qualified Plans, other than any Multi-employer Plan, in compliance with SEPPAA, as applicable, and all related costs and expenses, regardless of whether the termination is completed prior to the Closing Date.

3.16 Labor and Employee Relations.

(a) Except for that certain Private Scavenger Agreement dated October 1, 1993, between the Company and the Excavating, Grating, Asphalt, Private Scavengers

and Automobile Salesroom Garage Attendants Local 731, there are no collective bargaining agreements or other labor union contracts applicable to any employee of the Company and no such agreement or contract has been requested by any employee or group of employees of the Company, nor has there been any discussion with respect thereto by management of the Company with any employees of the Company. The Company has not received any written notification of any unfair labor practice charges or complaints pending before any agency having jurisdiction thereof nor are there any current union representation claims involving any of the employees of the Company. To the best of each Stockholder's and the Company's knowledge, there are no such threatened charges or claims.

(b) To the best of each Stockholder's and the Company's knowledge, there are no union organizing activities or proceedings involving, or any pending petitions for recognition of, a labor union or association as the exclusive bargaining agent for, or where the purpose is to organize, any group or groups of employees of Company. There is not currently pending against the Company any proceeding before the National Labor Relations Board, wherein any labor organization is seeking representation of any employees of Company.

(c) There are no strikes, work stoppages, work slowdowns, or lockouts and not, to the best of each Stockholder's and the Company's knowledge, any threats thereof by or with respect to any of the employees of Company. Since November 1, 1989, there have been no labor disputes, strikes, slowdowns, work stoppages, lockouts, or similar matters involving employees of Company.

(d) There are not pending any grievances filed by the employees of the Company within any collective bargaining unit or by representatives of employees within any collective bargaining unit. Further, there are no arbitration decisions, settlement agreements, injunctions, consent decrees, or conciliation agreements which affect the operations of the Company.

(e) Except for those certain pending claims the basis of the pending matter described in Chacon v. Active Service Corp., there are (i) no charges of discrimination or lawsuits involving any alleged violation of any fair employment law, disabilities discrimination law, age discrimination law, wage payment law, occupational safety and health law, (ii) no pending litigation arising out of any employment relationship, or other employment-related law, whether federal, state or local, (iii) no pending litigation arising out of any employment relationship, presently threatened or pending, by any applicant, employee or former employee of the Company or any representative of any such employee or former employee and (iv) to the best of each Stockholder's and the Company's knowledge, no threatened charge, notice, proceeding, or litigation related to the above. No charge or claim involving any of the facilities or employees of the Company is pending with respect to equal employment opportunity, age discrimination, occupational safety, disabilities discrimination, or any other form of alleged employment practice or unfair labor practice, and, to the best of each Stockholder's and the Company's knowledge, no charge or claim is threatened.

(f) The Company complies in all material respects with all applicable laws, rules and regulations relating to the employment of labor, including, without limitation, those relating to wages, hours, concerted activity, non-discrimination, occupational health and safety and the payment and withholding of taxes, and the Company has no accrued liability for any arrears of wages or any taxes or penalties for failure to comply with any of the foregoing.

3.17 Customers and Billings. The Stockholders have delivered to BFI a complete and accurate list (Schedule 3.17) of the customers the Company serves, which list includes for each such customer the name, location and current monthly billing rate, all as of the date hereof.

3.18 Laws and Regulations; Litigation. The Company is not in violation of or default under any law or regulation, or under any order of any court or federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality having jurisdiction over the Company. Except to the extent expressly set forth and described on Part II of Schedule 3.6 or Schedule 3.18, there are no claims, actions, suits, or proceedings pending or, to the best of each Stockholder's and the Company's knowledge, threatened against the Company or affecting the Company, at law or in equity, before or by any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality having jurisdiction over the Company. Except as expressly set forth and described on Part II of Schedule 3.6 or Schedule 3.18, the Company has conducted and is conducting its business (including, without limitation, operation of the Facilities), in compliance with the requirements, standards, criteria and conditions set forth in applicable federal, state and

local statutes, ordinances, permits, licenses, orders, approvals, variances, rules and regulations, is not in violation of any of the foregoing and has incurred no liability under the foregoing which might materially and adversely affect the business, operations, affairs, prospects, properties, assets, profits, or condition (financial or otherwise) of the Company.

3.19 Taxes. The Company has filed, on a timely basis, all requisite federal, state, local and other tax and information returns due for all fiscal periods ended on or before the date hereof and, except as expressly set forth and described on Schedule 3.6, there are no claims against the Company for federal, state, local, or other taxes for any period or periods prior to and including the date hereof. The amounts stated as provisions and reserves for taxes on the Most Current Balance Sheet are sufficient for the payment of all taxes of all kinds for all fiscal periods ended on or before that date. Copies of the federal income tax returns of the Company for its last three fiscal years have been delivered to BFI. Copies of all other federal, state, local and other tax and information returns have been made available to BFI and are among the records of the Company, possession of which will accrue to BFI at Closing. Except as expressly set forth and described on Part II of Schedule 3.6, (i) the Company has not agreed to any extensions of any statutes of limitations in connection with a federal, state, or local income, franchise or sales tax examination, (ii) there are no federal, state, or local income, franchise, or sales tax examinations currently in progress and (iii) the Company has not been contacted by any federal, state, or local taxing authority regarding a prospective examination and, to the best of each Stockholder's and the Company's knowledge, no such prospective examination is threatened.

3.20 Copies Complete; No Default. The certified copies of the charter documents and bylaws, both as amended to date, of the Company and the copies of all leases, instruments, agreements, licenses, permits, certificates, and other documents delivered pursuant to this Agreement or which have been delivered to BFI in connection with the transactions contemplated hereby are complete and accurate and are true and correct copies of the originals thereof. The rights and benefits of the Company thereunder will not be adversely affected by the transactions contemplated by this Agreement, and the execution of this Agreement and the performance of the obligations hereunder will not violate or result in a breach or constitute a default under any of the terms or provisions thereof. Except as provided in Schedule 3.20, none of such leases, instruments, agreements, licenses, permits, certificates, or other such documents requires notice to, or the consent or approval of, any governmental agency or other third party for any of the transactions contemplated hereby; provided, however, any consents or approvals required shall be obtained in writing by Stockholders and Company and produced to BFI prior to Closing.

3.21 No Change. Except as expressly set forth and described on Schedules 3.4 or 3.21, since the Balance Sheet Date there has not been:

(a) any material adverse change in the financial condition, assets, liabilities (contingent or otherwise), income, operations or business of the Company;

(b) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties or business of the Company;

(c) any change or agreement to change (i) the stockholders, (ii) the ownership of the authorized capital or outstanding securities of the Company, or (iii) the securities of the Company;

(d) any declaration or payment of, or any agreement to declare or pay, any dividend or distribution in respect of an equity interest or any direct or indirect redemption, purchase or other acquisition of any of the Stock;

(e) any increase in the compensation payable or to become payable by the Company to any of its directors, officers, employees, or agents, or any accrual or arrangement for or payment of any bonus or other special compensation to any employee or any severance or termination pay paid to any present or former officer or other key employee of the Company;

(f) any labor dispute, or any enacted or proposed law or regulation or any other event or condition of any character, materially and adversely affecting the business or future prospects of the Company;

(g) any sale or transfer, or any agreement to sell or transfer, any material assets, property, or rights of Company to any other person, including, without limitation, the Stockholders and their affiliates;

(h) any cancellation, or agreement to cancel, of any indebtedness or other obligation owing to the Company, including, without limitation, any indebtedness or obligation of any Stockholder or any affiliate thereof;

(i) any plan, agreement or arrangement granting any preferential rights to purchase or acquire any interest in any of the assets, property, or rights of Company or requiring consent of any party to the transfer and assignment of any such assets, property or rights;

(j) any purchase or acquisition, or agreement, plan, or arrangement to purchase or acquire, any real property or any individual fixed asset for more than $5,000;

(k) any waiver of any material rights or claims of the Company;

(l) any amendment or termination, or any threatened amendment or termination of any material contract, agreement, license, permit, or other right to which Company is a party; or

(m) any other transaction by the Company outside the ordinary course of its business.

3.22 Bank Accounts. The Stockholders have delivered to BFI a complete and accurate list (Schedule 3.22), as of the date hereof, of:

(a) the name of each bank in which the Company has accounts or safe deposit boxes,

(b) the names in which the accounts or boxes are held,

(c) the type of account and account number, and

(d) the name of each person authorized to draw thereon or have access thereto.

3.23 No Hazardous Waste, Other Facilities.

(a) The Company has never transported or disposed of, or contracted for the transportation or disposal of, hazardous wastes, hazardous substances, infectious or medical waste, radioactive waste, or sewage sludges as those terms are defined by the Resource Conservation and Recovery Act of 1976, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Atomic Energy Act of 1954, as amended, or any comparable state or local laws, rules or regulations promulgated under any of the foregoing.

(b) The Company has never owned, operated or leased a waste transfer, treatment, storage, or disposal facility other than the Facility.

3.24 No Exposure To Hazardous or Toxic Substances. None of the Company's employees has, in the course and scope of employment with the Company, other than in compliance with the permits described in Section 3.8 and the provisions of and regulations promulgated pursuant to the Occupational Safety and Health Act and all other federal, state and local laws, rules and regulations, been exposed to hazardous, infectious, radioactive or toxic wastes or substances as those terms are defined in the Resource Conservation and Recovery Act of 1976, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Atomic Energy Act of 1954, as amended, or any comparable state laws, rules and regulations promulgated under any of the foregoing.

3.25 Underground Storage Tanks. Except as expressly set forth and described on Schedule 3.25, the Company has never owned or leased any real estate having any underground storage tanks containing petroleum products or wastes or

other hazardous substances and regulated by 40 CFR 280 or other applicable federal, state, or local laws, rules, regulations and requirements. As to each such underground storage tank ("UST") identified in Schedule 3.25, the Stockholders have provided to BFI, to the extent the items below are in the possession of the Stockholders or the Company, and have attached as Schedule 3.25,

(a) the location of the UST (including any drawings, maps, sketches and photographs showing the location) and whether the Company currently owns or leases the property in which the UST is located (and if the Company does not currently own or lease said property, the dates on which it did so own or lease and the current owner or lessee of such property);

(b) copies of all of the UST manufacturer's literature, brochures, proposals and contract documents, or other information accurately describing the UST system (including tanks, piping, dispensers, leak and cathodic protection equipment or components, etc.) and all manufacturer's warranties covering the UST system;

(c) the date of installation and the specific use or uses of the UST;

(d) copies of all UST tank and piping tightness tests and cathodic protection tests and similar studies or reports for all periods;

(e) a copy of the State of Illinois Fire Marshall's registration application as filed;

(f) all other records with regard to the UST, including, without limitation, repair records,

financial assurance compliance records, records of ownership; and

(g) to the extent not otherwise set forth pursuant to the above, a summary description of instances, past or present, in which the UST failed to meet applicable standards and regulations for tightness or otherwise and the extent of such failure, and any other operational or environmental problems with regard to the UST, including, without limitation, spills (including spills in connection with delivery of materials to the UST), releases and soil contamination or other environmental pollution.

Except to the extent expressly set forth and described in Schedule 3.25, the Company has complied with all applicable federal, state and local laws, rules, regulations and requirements regarding the installation, use, testing, monitoring, operation and closure of all UST's described in Schedule 3.25.

3.26 Disposal Facilities Used. To the best of each Stockholder's knowledge, the Stockholders have delivered to BFI a list (Schedule 3.26), as of the date hereof, of all processing and disposal sites (including dumps, landfills, transfer and recycling stations and all other processing or disposal facilities) utilized to the date hereof by the Company for the processing or disposal of any recyclable or waste materials. For each such site set forth in Schedule 3.26, the Stockholders have provided to BFI in Schedule 3.26:

(a) The name and city location of such site;

(b) The type or types of recyclable or waste materials delivered by the Company to such site, the

respective volumes of such materials, and the approximate dates thereof; and

(c) Whether or not, to the best knowledge of the Company and each Stockholder, such disposal site is currently being remediated, or anticipated to be remediated, under federal, state, or local law.

3.27 Equipment Compliance. All of the motor vehicles and other rolling stock of the Company complies with the applicable requirements established by the U.S. Environmental Protection Agency and the U.S. Department of Transportation and applicable state and local laws, rules and regulations. All of the containers owned by the Company comply with the criteria established by the Consumer Product Safety Commission Ban on Unstable Bins, as set forth at 16 CFR 1301, et seq.

3.28 No Misleading Statements. The representations and warranties of the Company and the Stockholders contained in this Agreement, the annexes and schedules hereto and all other documents and information furnished to BFI and its representatives in connection with the transactions contemplated by this Agreement are complete and accurate and do not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made and to be made not misleading.

3.29 Accurate and Complete Records. The books, ledgers, financial records and other records of the Company:

(a) are in the possession of the Company,

(b) have been, in all material respects, maintained in accordance with all applicable laws, rules and regulations and practices; and

(c) are accurate and complete and do not contain or reflect any material discrepancies.

3.30 Approval and Authorization. The execution and delivery of this Agreement by the Company and the performance of the transactions contemplated herein have been duly and validly authorized by the Board of Directors and Stockholders of the Company, and this Agreement has been duly and validly authorized by all necessary corporate action and is a legal, valid and binding obligation of the Company and Stockholders, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

4. REPRESENTATIONS AND COVENANTS OF BFI. BFI represents and warrants as follows:

4.1 Existence and Good Standing. BFI has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware.

4.2 No Default. The execution of this Agreement by BFI and the performance of its obligations will not violate or result in a breach of or constitute a default under BFI's Certificate of Incorporation or bylaws, as amended, or any agreement to which BFI is a party or by which it is bound .

4.3 Prospectus. BFI has furnished to Stockholders a copy of the Parent's Prospectus dated April 27, 1993 contained in its Registration Statement on Form S-4 (the "Prospectus") as filed with the Securities and Exchange Commission ("SEC").

4.4 Duly Registered. The shares of BFI Stock to be received by the Stockholders pursuant to this Agreement have been registered pursuant to a registration statement on Form S-4 filed with the SEC pursuant to the Securities Act of 1933, as amended.

4.5 Valid Issuance. The shares of BFI Stock to be delivered by BFI pursuant to this Agreement will be duly authorized and will, when so authorized by the Board of Directors of the Parent and issued in accordance with the terms thereof, be validly issued and outstanding, fully paid and nonassessable.

4.6 Approval of Board of Directors. The execution, delivery and performance of this Agreement and the performance of the transactions contemplated herein have been duly and validly authorized by the Board of Directors of BFI or a properly authorized committee thereof and is legal, valid and binding obligation of BFI, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

5. COVENANTS OF THE STOCKHOLDERS AND THE COMPANY PRIOR TO CLOSING. Between the date of this Agreement and the Closing Date:

5.1 Access; Confidential Information. The Stockholders and the Company will afford to the officers and authorized representatives of BFI access to the Facilities, properties, books and records of the Company, including without limitation for purposes of testing tightness or cathodic protection of each UST and to determine if any UST system has caused soil contamination or other environmental pollution, and will furnish BFI with such

additional financial and operating data and other information as to the business and properties of the Company as BFI may from time to time reasonably request. The Stockholders and the Company will cooperate with BFI, its representatives and counsel in the preparation of any documents or other materials which may be required in connection with any documents or materials required by any governmental agency. BFI will cause all information obtained from the Stockholders and the Company in connection with the negotiation and performance of this Agreement to be treated as confidential (except such information as BFI may be required to disclose to any governmental agency).

5.2 Operations. The Stockholders shall cause the Company to, and the Company shall:

(a) carry on its business in substantially the same manner as it has to date and not introduce any material new method, or discontinue any existing material method, of management, operation, or accounting;

(b) maintain its properties and facilities in as good working order and condition as at present, ordinary wear and tear excepted;

(c) perform all its material obligations under agreements relating to or affecting its assets, properties, business operations and rights;

(d) keep in full force and effect present insurance policies or other comparable insurance coverage;

(e) use its best efforts to maintain and preserve its business organization intact, retain its present employees and maintain its relationship with

suppliers, customers and others having business relations with it;

(f) advise BFI promptly in writing of any material change in any document, schedule, or other information delivered pursuant to this Agreement;

(g) file on a timely basis all notices, reports, or other filings required to be filed with or reported to any federal, state, local, or other governmental department, commission, board, bureau, agency, or any instrumentality of any of the foregoing wherever located with respect to the continuing operations of the Company; and

(h) file on a timely basis all complete and correct applications or other documents necessary to maintain, renew, or extend any permit, license, variance or any other approval required by any governmental authority necessary or required for the continuing operation of the Company, whether or not such approval would expire before or after the Closing.

5.3 No Change. Except as set forth in Schedules 3.4 or 5.3, the Stockholders shall not permit the Company to, and the Company shall not, without the prior written consent of BFI:

(a) make any change in its charter documents or bylaws;

(b) authorize, issue, transfer, or distribute any securities of the Company;

(c) declare or pay any dividend or make any distribution in respect of its Stock whether now

or hereafter outstanding, or purchase, redeem, or otherwise acquire or retire for value any shares of its Stock;

(d) enter into any contract or commitment or incur or agree to incur any liability or make any capital expenditures in excess of $5,000;

(e) increase the compensation payable or to become payable to any director, officer, employee, or agent, or make any bonus payment to any such person;

(f) create, assume, or otherwise permit the imposition of any mortgage, pledge, or other lien or encumbrance upon any assets or properties whether now owned or hereafter acquired;

(g) sell, assign, lease or otherwise transfer, or dispose of any property or equipment having a value in excess of $5,000;

(h) merge or consolidate or agree to merge or consolidate with or into any firm, corporation, or other entity;

(i) waive any material rights or claims of the Company;

(j) amend or terminate any material agreement or any permit, license, or other right of the Company; or

(k) enter into any other transaction outside the ordinary course of its business or prohibited hereunder.

6. INDEMNIFICATION BY THE STOCKHOLDERS.

6.1 Indemnity Losses and Events. The Stockholders jointly and severally covenant and agree that they will indemnify and hold harmless BFI, the Company, the Parent, their affiliates, and their respective officers, directors, employees, and agents (the "Indemnified Parties"), from and after the Closing Date, against any and all losses, damages, liabilities, claims, deficiencies, costs, expenses (including, without limitation, reasonable attorneys' fees and expenses of investigation) and any Disposal Site Losses (as defined below) (collectively, "Indemnity Losses") arising with respect to each of the following ("Indemnity Events"):

(a) any federal, state or local tax liability with respect to (i) the Company arising out of any period ended on or before the Closing Date but not reflected on the Most Current Balance Sheet or listed on Schedule 3.6 or Schedule 7.5, to the extent that such liability exceeds the total amount of the provisions for the same on the Financial Statements, as well as any available tax credits, as of the Closing Date and (ii) any of the Stockholders arising out of the transactions contemplated hereunder;

(b) any other accrued or absolute liability of or claim against the Company, existing at the Closing Date as described in Section 3.6 but which is not listed on Schedule 3.6 or 7.5;

(c) any contingency, as to which the liability of the Company is not fixed, existing at the Closing Date and thus required to be listed in Part II of Schedule 3.6 or on Schedule 7.5 but which is either (x) not listed on Part II of Schedule 3.6 or on

Schedule 7.5 or (y) as to which the liability becomes fixed in an amount in excess of the reasonable estimate of liability set forth on Part II of Schedule 3.6 or on Schedule 7.5 and is not fully paid to the claimant or reimbursed to the Company by third party insurance companies within 180 days after such matter is settled and the amount of such liability becomes fixed;

(d) any act or omission of the Company or any of its predecessors or any of its stockholders, officers, directors, partners, employees, consultants, contractors, or agents, including, without limitation, the Stockholders, which act or omission occurred prior to the Closing Date;

(e) any misrepresentation, breach of warranty, or nonfulfillment of any agreement or covenant on the part of the Stockholders or the Company under this Agreement or any misrepresentation in or omission from any list, schedule, certificate, or other instrument furnished or to be furnished to BFI pursuant to the terms of this Agreement, including without limitation the Pooling Representations Letter;

(f) any element of the design, development, construction or operation of a Disposal Site (as hereinafter defined) during any period on or prior to the Closing Date; and

(g) all actions, suits, proceedings, demands, assessments and claims incident to any of the foregoing.

As used in this Agreement, "Disposal Site" shall mean the Facility and any other any waste storage, processing,

treatment, or disposal facility owned, leased, controlled or operated by the Company or any predecessor thereof on or prior to the Closing Date. As used in this Agreement, "Disposal Site Losses" shall mean any and all losses, damages (including exemplary damages and penalties), liabilities, claims, deficiencies, costs, expenses (including, without limitation, reasonable attorneys' fees and expenses of investigation) and expenditures arising out of or required by any interim, or final judicial or administrative decree, judgment, injunction, mandate, interim or final permit condition or restriction, cease and desist order, abatement order, compliance order, consent order, clean-up order, exhumation order, or any other remedial action that is required to be undertaken under federal, state or local law in respect of operating activities on or affecting any Disposal Site or UST, including, without limitation (x) any actual or alleged violation of any law or regulation respecting the protection of the environment, including, without limitation, the protection of the air, water (including groundwater) and land, prior to the Closing Date and (y) any remedies or violations, whether by a private or public action, alleged or sought to be assessed as a consequence, directly or indirectly, of any release of pollutants (including odors) from any Disposal Site or UST resulting from activities at such Disposal Site or in connection with or resulting from such UST, whether such release is into the air, water (including groundwater), or land and whether such release arose before, during, or after (by reason of any activity occurring on or prior to the Closing Date) the date of this Agreement (the term "release" as used herein means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the ambient environment).

BFI and the Stockholders agree that BFI calculated the consideration paid hereunder based upon the

beneficial accounting treatment accorded to a pooling-of-interests transaction and the effect of such beneficial accounting treatment on the Parent's earnings per share on a consolidated basis. BFI and the Stockholders agree that Indemnity Losses arising from Section 6.1(e) shall include, without limitation, the amount necessary in order for the Parent's earnings per share on a consolidated basis after reflecting the loss of pooling-of-interests accounting treatment to equal its earnings per share on a consolidated basis had the transactions contemplated in this Agreement been accounted for as a pooling-of-interests, taking into account dividends paid on additional shares of the BFI Stock that would otherwise not have been issued had the transaction not been accounted for as a pooling-of-interests and further taking into account every year the Parent's earnings-per-share on a consolidated basis are affected by the inability of the Parent to account for the transaction as a pooling-of-interests.

6.2 UST Indemnification. The Stockholders jointly and severally covenant and agree that they will indemnify and hold harmless the Indemnified Parties, from and after the Closing Date, against all Indemnity Losses arising with respect to the 10,000 gallon underground storage tank located at the northernmost tract of the Facility.

6.3 Midco Indemnification. The Stockholders jointly and severally covenant and agree that they will indemnify and hold harmless the Indemnified Parties, from and after the Closing Date, against all Indemnity Losses arising with respect to the matters the basis of United States v. Midwest Solvent Recovery.

6.4 Ninth Avenue Dump Indemnification. The Stockholders jointly and severally covenant and agree that they will indemnify and hold harmless the Indemnified Parties, from

and after the Closing Date, against all Indemnity Losses arising with respect to the matters the basis of In the Matter of U.S. Scrap Corporation and Ninth Avenue Dump, provided BFI notifies the Stockholders of any Indemnity Losses prior to the earlier to occur of (i) the date which is twenty four (24) months following the Closing Date and (ii) the date which is twelve (12) months following the United States E.P.A.'s issuance of the change to the FSR ROD outlined in its March 30, 1994 letter to the Company.

6.5 Limitation on Indemnification. The Indemnified Parties shall not be entitled to any recovery for Indemnity Losses in respect of any Indemnity Event under Section 6.1 unless BFI notifies the Stockholders prior to the first anniversary of the Closing Date; provided, however, that in respect of any Indemnity Event under Section 6.1 which the independent auditor of BFI discovers prior to completion of the first audit of the financial statements of the Parent (and its subsidiaries) following the Closing Date (it being understood that the date of the auditor's report thereon shall represent the completion thereof), the Indemnified Parties shall not be entitled to any recovery for Indemnity Losses in respect of any Indemnity Event under Section 6.1 unless BFI notifies the Stockholders in writing thereof prior to the completion of such audit. The provisions of this Section 6.4 shall not apply with respect to Indemnity Losses under Sections 6.2, 6.3 and 6.4.

6.6 Notice, Participation. If an Indemnity Event involves a claim by a third party, and if an Indemnified Party seeks indemnity with respect thereto under this Article 6, the Indemnified Party shall promptly, after the assertion of any third party claim or the discovery of any fact upon which the Indemnified Party intends to base a claim for indemnification under this Agreement ("Claim"), notify

the party or parties from whom indemnification is sought ("Indemnitor") of such Claim. In the event of any Claim, Indemnitor, at its option, may assume (with legal counsel acceptable to BFI) the defense of any claim, demand, lawsuit or other proceeding in connection with the Indemnified Party's Claim and may assert any defense of Indemnitee or Indemnitor; provided that the Indemnified Party shall have the right to participate jointly with Indemnitor in the defense of any claim, demand, lawsuit or other proceeding in connection with the Indemnified Party's Claim. The failure to give such notice shall not preclude the Indemnified Party from making any Claim thereon if the failure or delay in giving such notice did not prejudice Indemnitor. In the event that Indemnitor elects to undertake the defense of any Claim hereunder, the Indemnified Party shall cooperate with Indemnitor to the fullest extent reasonably possible in regard to all matters relating to the Claim (including, without limitation, corrective actions require by applicable law, assertion of defenses and the determination, mitigation, negotiation and settlement of all amounts, costs, actions, penalties, damages and the like related thereto) so as to permit Indemnitor's management of same with regard to the amount of Indemnity Losses payable by the Indemnitor hereunder. Neither the Indemnified Party nor any Indemnitor shall be entitled to settle any Claim without the prior written consent of the other parties hereto, which consent shall not unreasonably be withheld.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF BFI. The obligations of BFI hereunder are, at its option, subject to the satisfaction, on or prior to the Closing Date, which may be expressly waived in writing, of the following conditions.

7.1 Accuracy of Representations; Performance of Covenants. Notwithstanding any provision of this Section 7.1 to the

contrary, the representations and warranties of the Stockholders and the Company contained in this Agreement shall be accurate on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date. Each and all of the terms, covenants and conditions of this Agreement to be complied with and performed by the Stockholders and the Company before the Closing Date pursuant to the terms hereof shall have been performed. The Stockholders shall have delivered to BFI a certificate of the foregoing dated the Closing Date, or in the alternative stating exceptions to such accuracy.

7.2 Opinion of Counsel. BFI shall have received an opinion from Hoogendoorn, Talbot, Davids, Godfrey & Milligan, counsel to the Stockholders, dated the Closing Date, in form and substance reasonably satisfactory to BFI, to the effect that:

(a) the Company has been duly organized and is validly existing in good standing under the laws of the State of Illinois,

(b) the Company is duly authorized, qualified and licensed under all applicable laws, regulations, ordinances or orders of public authorities to carry on its business in the places and in the manner as now conducted;

(c) the authorized and outstanding capital stock of the Company is as represented by the Stockholders in this Agreement and each share of such stock has been duly and validly authorized and issued, is fully paid and nonassessable and was not issued in violation of the preemptive rights of any stockholder;

(d) the Company does not have any outstanding options, warrants, calls or other commitments of any kind to issue or sell any of its capital stock;

(e) this Agreement has been duly authorized, executed and delivered by the Company and the Stockholders and constitutes a valid and binding agreement of the Company and the Stockholders enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity);

(f) the Company has good and marketable title to the properties, assets and leasehold estates, real and personal, shown on the schedules to this Agreement, except for those properties sold or otherwise disposed of in the ordinary course of business since the date of such schedules, subject only to those liens shown on Schedule 3.11, liens for current taxes and assessments not in default and other minor encumbrances not materially affecting the use of such properties;

(g) upon consummation of the purchase contemplated by this Agreement, BFI will receive good title to the Stock, free and clear of all liens, encumbrances and claims of every kind;

(h) no notice to, consent, authorization, approval or order of any court or governmental agency or body or of any other third party is required in connection with the execution, delivery or

consummation of this Agreement by any Stockholder or for the transfer to BFI of the Stock; and

(i) the execution of this Agreement and the performance of the obligations hereunder will not violate or result in a breach or constitute a default under any of the terms or provisions of Articles of Incorporation or the by-laws of the Company or of any lease, instrument, license, permit or any other agreement to which the Company is a party or by which the Company or any Stockholder is bound.

Such opinion shall include any other matters incident to the matters herein contemplated as BFI and its counsel may reasonably request, including the form of all papers and the validity of all proceedings.

7.3 Governmental Consents; No Litigation. All necessary consents of and filings with any governmental authority or agency relating to the consummation of the transactions contemplated in this Agreement shall have been obtained and made and no action or proceeding before a court or any other governmental agency or body shall have been instituted or threatened to restrain or prohibit BFI's acquisition of the Stock and no governmental agency or body shall have taken any other action or made any request of BFI as a result of which the management of BFI deems it inadvisable to proceed with the transactions hereunder.

7.4 No Material Adverse Change. Since the Balance Sheet Date, (i) no material adverse change in the results of operations, financial condition, or business of the Company shall have occurred and (ii) the Company shall not have suffered any material loss or damage to any of its properties or assets, whether or not covered by insurance, which loss or damage materially affects or

impairs the ability of the Company to conduct its business. BFI shall have received a certificate signed by the Stockholders dated the Closing Date stating the foregoing.

7.5 Liabilities. The Stockholders shall have delivered to BFI a complete and accurate list (Schedule 7.5), as of the Closing Date, showing all liabilities and obligations of the Company, described in Section 3.6 and arising since the date of Schedule 3.6. All liabilities listed on Schedule 7.5 shall be described in the same fashion as required pursuant to Section 3.6. Such liabilities and obligations shall be subject to the reasonable approval of BFI consistent with the provisions of this Agreement.

7.6 Material Contracts. The Stockholders shall have delivered to BFI a complete and accurate list, together with copies thereof, (Schedule 7.6), as of the Closing Date, showing all material contracts and agreements entered into by the Company since the date of Schedule 3.11. Such contracts and agreements shall be subject to the reasonable approval of BFI consistent with the provisions of this Agreement.

7.7 Resignations. The Stockholders shall have delivered to BFI the resignations effective as of the Closing Date of all officers and directors of the Company, unless otherwise requested in writing by BFI.

7.8 Releases. All Stockholders and Richard De Boer shall have delivered to BFI an instrument dated the Closing Date releasing the Company from any and all claims of the Stockholders and Richard De Boer against the Company except for amounts expressly set forth on Schedule 7.8.

7.9 Employment Agreements. Richard K. De Boer and Jack E. De Boer shall have executed and delivered to BFI employment

agreements substantially in the respective forms attached hereto as Annex C.

7.10 Qualification as a Pooling-of-Interests. BFI shall have been advised in writing by its independent public accountants that in their opinion the transactions contemplated herein meet the requirements of a "pooling-of-interests" under generally accepted accounting principles as set forth in Opinion No. 16 of the Accounting Principles Board of the American Institute of Certified Public Accountants.

7.11 Approval, Qualification and Listing. All shares of BFI Stock to be issued pursuant to the transaction contemplated by this Agreement shall have been authorized for listing, upon official notice of issuance, on the New York, Chicago and Pacific Stock Exchanges.

7.12 Good Standing. The Stockholders shall have delivered to BFI a certificate, dated as of a recent date, duly issued by the appropriate governmental authority in the Company's state of incorporation and in each state in which the Company is authorized to do business, stating that the Company is in good standing and authorized to do business and that all state franchise and income tax returns and taxes for the Company for all periods prior to the Closing have been filed and paid.

7.13 Compliance History. BFI shall have determined, based on its reasonable judgment, that the environmental or other law compliance history of the Company (or of any of its directors, officers, or managerial employees) shall not, as a result or and after the completion of the transactions contemplated by this Agreement, be accorded further weight, attributed to, or considered to the detriment of BFI, or any of its subsidiaries or other affiliated entities, by any governmental authority having

jurisdiction in connection with (i) any permit, license, authorization or contract held by BFI, or any of its subsidiaries or affiliated entities, or (ii) any pending or future application, request or bid to obtain a contract or to issue, renew or modify any permit, license or authorization filed or made by BFI, or any of its subsidiaries or affiliated entities.

7.14 Necessary Filings. Except as disclosed on Schedule 3.15, all reports, notices and forms with respect to the Company Plans listed in Schedule 3.15 required to be filed with the Internal Revenue Service, the Pension Benefit Guaranty Corporation, the Department of Labor and any other person or entity (including, but not limited to, the trustee, the participants and the beneficiaries) shall have been filed or delivered with copies delivered to BFI.

7.15 General Escrow Agreement. The Stockholders and the General Escrow Agent shall have executed and delivered to BFI the General Escrow Agreement.

7.16 UST Escrow Agreement. The Stockholders and the UST Escrow Agent shall have executed and delivered to BFI the UST Escrow Agreement.

7.17 Midco Escrow Agreement. The Stockholders and the Midco Escrow Agent shall have executed and delivered to BFI the Midco Escrow Agreement.

7.18 Contemporaneous Agreements. The transactions contemplated by the Contemporaneous Agreements shall have been consummated.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE STOCKHOLDERS. The obligations of the Stockholders hereunder are, at their

option, which may be waived expressly in writing, subject to the conditions that:

8.1 Accuracy of Representations. The representations and warranties of BFI contained in Section 4 shall be accurate as of the Closing Date as though such representations and warranties had been made at and as of that time. Each and all of the terms, covenants and conditions of this Agreement to be complied with and performed by BFI on or before the Closing Date shall have been duly complied with and performed. A certificate to the foregoing dated the Closing Date and signed by a duly authorized agent, the president, or any vice president of BFI shall have been delivered to the Stockholders.

8.2 Opinion of Counsel. Stockholders shall have received an opinion from counsel to BFI, dated the Closing Date, in form and substance reasonably satisfactory to Stockholders, to the effect that:

(a) BFI has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware;

(b) The execution of this Agreement by BFI and the performance of its obligations will not violate or result in a breach of or constitute a default under BFI's Certificate of Incorporation or bylaws, as amended, or any agreement to which BFI is a party or by which it is bound.

(c) The shares of BFI Stock to be received by the Stockholders pursuant to this Agreement have been registered pursuant to a registration statement on Form S-4 filed with the SEC pursuant to the Securities Act of 1933, as amended.

(d) The shares of BFI Stock to be delivered by BFI pursuant to this Agreement will be duly authorized and will, when so authorized by the Board of Directors of the Parent and issued in accordance with the terms thereof, be validly issued and outstanding, fully paid and nonassessable.

(e) The execution, delivery and performance of this Agreement and the performance of the transactions contemplated herein have been duly and validly authorized by the Board of Directors of BFI or a properly authorized committee thereof and is a legal, valid and binding obligation of BFI enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

8.3 Employment Agreements. BFI, or any of its affiliates, shall have executed and delivered to Richard K. De Boer and Jack E. De Boer employment agreements substantially in the respective forms attached hereto as Annex C.

8.4 General Escrow Agreement. BFI and the General Escrow Agent shall have executed and delivered to the Stockholders the General Escrow Agreement.

9. COMPLIANCE WITH REQUIREMENTS OF SECURITIES LAWS.

9.1 Affiliates. Each Stockholder who is an affiliate of the Company ("Affiliate"), within the meaning of Rule 145 promulgated pursuant to the Securities Act of 1933 (the "1933 Act"), acknowledges that if such Affiliate makes any public offer or sale of the BFI Stock (the

"Restricted Stock") to be received by such Affiliate, such Affiliate may be deemed an "underwriter" of such shares within the meaning of the 1933 Act. Accordingly, the Restricted Stock may not be sold, transferred or assigned, and each Stockholder covenants and agrees that such Affiliate shall not effect any sale, transfer or assignment of the Restricted Stock, except pursuant to (a) current registration under the 1933 Act, (b) a transaction in accordance with the requirements of Rule 145(d) and as to which the issuer has received reasonable satisfactory evidence of compliance with the provisions of Rule 145(d), or (c) a transaction which, in the opinion of counsel satisfactory to the issuer or as described in a "no action" or interpretative letter from the staff of the SEC, is not required to be registered under the Act. Each Stockholder acknowledges that the covenant and agreement given above shall survive the Closing Date and shall be continuing as long as such Affiliate may be deemed to be an underwriter with respect to any offer or sale of such Restricted Stock.

9.2 BFI to Furnish Information. BFI will use all reasonable efforts to make and keep available the "adequate current public information" required by Rule 144(c) under the 1933 Act, and BFI, upon request, shall furnish to each Affiliate such information and other documents as the Affiliate may reasonably request in order to facilitate a sale of BFI Stock by the Affiliate in accordance with to the provisions of Rule 145 under the 1933 Act.

9.3 No Offer. Each Affiliate represents that such Affiliate has not directly or indirectly offered or disposed of or attempted to offer or dispose of any of the shares of Restricted Stock that such Affiliate is acquiring under the Agreement.

9.4 Registration Statement. BFI and the Stockholders acknowledge that the transactions contemplated hereby are subject to the provisions of the 1933 Act and that the BFI Stock to be received by the Stockholders pursuant hereto is the subject of a registration statement filed by the Parent with the SEC on Form S-4 (Registration No. 33-5240) and declared effective by the SEC on April 27, 1993 (the "Registration Statement"). The Company and the Stockholders acknowledge receipt of the Prospectus included in the Registration Statement, the Parent Annual Reports on Form 10-K for the fiscal year ended September 30, 1993, the Quarterly Reports on Forms 10-Q for the quarters ended December 31, 1993, March 31, 1994 and June 30, 1994, and the 1994 proxy statement. The Stockholders acknowledge that each Stockholder has reviewed such items with competent and appropriate professional assistance.

10. RESTRICTIONS ON TRANSFER FOR POOLING. BFI has informed the Company and the Stockholders that it is a material inducement to BFI in entering into this Agreement that the transactions contemplated by this Agreement be treated as a "pooling-of-interests" for accounting purposes. Therefore, for the thirty (30) days immediately preceding the Closing Date, no Stockholder shall sell or otherwise transfer or dispose of, or in any other way reduce such Stockholder's risk relative to, any shares of BFI Stock. In addition, notwithstanding any other provision of this Agreement, prior to the publication and dissemination by BFI or the Parent of financial statements which include the results of combined operations of the Company and BFI or the Parent on a consolidated basis for at a period of least thirty (30) days following the Closing Date, no Stockholder shall sell or otherwise transfer or dispose of, or in any other way reduce such Stockholder's risk relative to, any shares of BFI Stock received by such Stockholder (including by way of example and not limitation, engaging in put, call, short-sale, straddle or similar market transactions). Additionally, the certificate(s) evidencing BFI

Stock will bear a legend substantially in the form set forth below and containing such other information as BFI may reasonably deem necessary or appropriate:

> "The shares represented by this certificate may not be sold, transferred or assigned, and Browning-Ferris Industries, Inc. ("BFI") shall not be required to give effect to any attempted sale, transfer or assignment, prior to the publication and dissemination of financial results by BFI which include the results of at least thirty (30) days of combined operations of BFI and the Company whose assets were acquired for which these shares are issued. The issuer agrees to remove this restrictive legend (and any stop order placed with the transfer agents) when the requirements of Accounting Series Release Nos. 130 and 135 of the Securities and Exchange Commission have been met, upon the written request of the holder of this certificate direct to Browning-Ferris Industries, Inc., P.O. Box 3151, Houston, Texas 77253, Attn: Secretary."

11. NONDISCLOSURE OF CONFIDENTIAL INFORMATION. The Stockholders recognize and acknowledge that they have and will have access to certain confidential information of the Company, such as lists of customers and costs that are valuable, special and unique assets of such business. The Stockholders agree that they will not disclose such confidential information to any person, firm, corporation, association, or other entity for any purpose or reason whatsoever, except to authorized representatives of BFI. In the event of a breach or threatened breach by a Stockholder of the provisions of this Section 11, BFI and the Company shall be entitled to an injunction restraining such Stockholder from disclosing, in whole or in part, such confidential information. Nothing herein shall be construed as prohibiting BFI and the Company from pursuing any other available remedy for such breach or threatened breach, including the recovery of damages.

12. NONCOMPETITION. To induce BFI to enter into this Agreement, each Stockholder shall not, without the express prior written consent of BFI, for a period of five (5) years after the Closing Date within one hundred (100) miles of 1712 Church Street, Evanston, Illinois, the current principal place of business of the Company, as owner, officer, director, employee, stockholder, principal, consultant, agent, lender, guarantor, co-signer, investor or trustee of any corporation, partnership, proprietorship, joint venture, association or any other entity of any nature, engage, directly or indirectly, in any business:

(i) collecting, processing, treating, recovering, transporting, recycling, marketing, brokering or disposing of rubbish, paper, garbage, industrial waste, infectious, or medical waste, or any other similar waste of any kind;

(ii) siting, permitting, developing, constructing or operating landfills, transfer stations, incinerators, recycling facilities or other similar waste treatment, disposal, processing or management facilities; or

(iii) selling, leasing, or distributing machinery or equipment used in connection with any activities in (i), (ii), or (iii) above.

The time period restriction set forth above shall be exclusive of any period during which any Stockholder is in breach of the terms and provisions of this Section 12. Notwithstanding the foregoing, any Stockholder may be the owner of not more than 1% of the outstanding capital stock of any corporation engaged in any of the aforesaid businesses and may be a stockholder, officer, director or employee of BFI. In the event that the provisions of this Section 12 should ever be deemed to exceed the scope of business, time or geographic limitations permitted by applicable law, then such provisions shall be and

are hereby reformed to the maximum scope, time or geographic limitations permitted by such applicable law. Stockholders hereby agree that this covenant is a material and substantial part of this transaction.

13. SURVIVAL OF REPRESENTATIONS. The representations and warranties contained in Sections 3.6, 3.8, 3.18, 3.23, 3.25 and 3.26 of this Agreement shall survive for a period of eight (8) years following the Closing Date. The remaining representations and warranties shall survive for a period of three (3) years following the Closing Date.

14. GENERAL.

14.1 Additional Conveyances. Upon the execution of this Agreement, BFI and the Stockholders mutually agree to promptly undertake, and to pursue, cooperatively and diligently, the obtaining of all approvals, consents and authorizations required to be given by third parties, governmental or private, that are necessary or appropriate to effect the transactions contemplated in this Agreement in an expeditious and prudent manner. In addition, the Stockholders shall deliver or cause to be delivered on the Closing Date, and at such other times and places as shall be reasonably agreed upon in writing, such additional instruments as BFI may reasonably request following the Closing Date for the purpose of carrying out this Agreement. The Stockholders will cooperate and use their commercially reasonable best efforts to have the present officers, directors and employees of the Company cooperate with BFI on and after the Closing Date in furnishing information, evidence, testimony and other assistance in connection with any actions, proceedings, arrangements or disputes of any nature with respect to matters pertaining to all periods prior to the Closing Date.

14.2 Best Knowledge of the Company and the Stockholders. As used throughout this Agreement, the phrase "best knowledge of the Company and the Stockholders", or any similar variations thereof, means the actual or constructive knowledge of (i) any of the Stockholders and (ii) any of the managerial employees of the Company, past or present, including, without limitation, any employee exercising responsibility for any accounting responsibility for the Company.

14.3 Other Agreements. BFI enters into this Agreement in reliance upon, and contemporaneously with, the Contemporaneous Agreements. Such agreements shall be considered contemporaneous with this Agreement and shall be further considered to be a material inducement for BFI to enter into this Agreement.

14.4 Press Releases. The parties hereto will advise and confer with each other prior to the issuance of any public reports, statements, or releases pertaining to this Agreement and the transactions contemplated herein, and each party shall not, without the remaining parties' consent, issue any such reports, statements, or releases.

14.5 Assignment. This Agreement and the rights of the Stockholders hereunder may not be assigned (except by operation of law) and shall be binding upon and shall inure to the benefit of the parties hereto, the successors of BFI and the heirs and legal representatives of the Stockholders.

14.6 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

14.7 Brokers. Each party represents and warrants that it employed no broker or agent in connection with this transaction and agrees to indemnify the other against all loss, cost, damage or expense arising out of claims for fees or commissions of brokers or agents employed or alleged to have been employed by such indemnifying party.

14.8 Fees and Expenses. Whether or not the transactions herein contemplated shall be consummated, (i) BFI shall pay the fees, expenses and disbursements of BFI and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments thereto, and (ii) the Stockholders shall pay the fees, expenses and disbursements of the Stockholders and their agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto.

14.9 Notices. Any notice or communication required or permitted hereunder shall be sufficiently given if sent by first class mail, postage prepaid:

(a) If to BFI, addressed to it care of

Browning-Ferris Industries, Inc.
P.O. Box 3151
Houston, Texas 77253
Attention: Secretary

with copy to:

Browning-Ferris Industries of Illinois, Inc.
8500 Normandale Lake Blvd
Bloomington, Minnesota 55440
Attention: Regional Vice President

(b) If to the Stockholders, to them at

c/o Hoogendoorn, Talbot, et al
122 S. Michigan Avenue
Chicago, Illinois 60603-6107
Attn: Case Hoogendoorn, Esq.
or Richard Sawdey, Esq.

14.10 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois.

14.11 Captions. The captions in this Agreement are for convenience only and shall not be considered a part hereof or affect the construction or interpretation of any provisions of this Agreement.

14.12 Entire Agreement. This Agreement (including the schedules and annexes hereto) and the documents delivered pursuant hereto constitute the entire agreement and understanding between the Stockholders and BFI and supersede any prior agreement and understanding relating to the subject matter of this Agreement. This Agreement may be modified or amended only by a written instrument executed by the Stockholders and BFI acting through its officers, thereunto duly authorized by its Board of Directors.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

BROWNING-FERRIS INDUSTRIES OF ILLINOIS, INC.
"BFI"

By: _____
Charles J. Murphy,
Vice President

ACTIVE SERVICE CORP.
"COMPANY"

By: _____
Richard K. De Boer,
President

"STOCKHOLDERS"

_____
Richard K. De Boer

_____
Jack E. De Boer

ACQUISITION OF STOCK FOR STOCK CHECKLIST

ANNEXES AND SCHEDULES TO THE AGREEMENT AND DOCUMENTS TO BE DELIVERED PURSUANT TO THE AGREEMENT

ANNEXES

ANNEX A (Section 1.1): List of Stockholders of the Company and the amount of BFI Stock to be delivered to each.

ANNEX B (Section 1.1): General Escrow Agreement

ANNEX C (Section 1.1): UST Escrow Agreement

ANNEX D (Section 1.1): Midco Escrow Agreement

ANNEX E (Section 7.9): Form of employment agreements to be executed by BFI.

SCHEDULES

SCHEDULE 3.4: Pooling Representations Letter

SCHEDULE 3.5: Financial Statements of the Company.

SCHEDULE 3.6: Liabilities of the Company

SCHEDULE 3.7: List of Accounts and Notes Receivable of the Company.

SCHEDULE 3.8:

PART I List and Summary Description of all permits, licenses and franchises, certificates, trademarks, trade names, patents, patent applications and copyrights owned or held by Company.

PART II Records, notifications, reports.

PART III Information on Facilities.

SCHEDULE 3.9: A current list and description of all fixed assets (including leases) of the Company.

SCHEDULE 3.10: List of all properties and assets of Company, other than those shown on Schedules 3.7, 3.8 and 3.9.

SCHEDULE 3.11: List of all material contracts and agreements to which the Company is a party or by which it or its property is bound.

SCHEDULE 3.12: Storage or disposal on Real Property

SCHEDULE 3.13: List of all insurance policies carried by the Company.

SCHEDULE 3.14: List of all officers and directors and rate of compensation of officers and key employees.

SCHEDULE 3.15: List of employee benefit plans.

SCHEDULE 3.17: List of billings and collections.

SCHEDULE 3.18: Laws and Regulations, Litigation.

SCHEDULE 3.20: Copies Complete; No Default.

SCHEDULE 3.21: No Change.

SCHEDULE 3.22: List of banks in which Company has accounts and safe deposit boxes, names of accounts, types of accounts and authorized signatories.

SCHEDULE 3.25: Information regarding underground storage tanks.

SCHEDULE 3.26: Information regarding disposal facilities used.

SCHEDULE 7.5: List of all liabilities and obligations arising since the date of Schedule 3.6.

SCHEDULE 7.6: List of all material contracts and agreements entered into by Company since the date of Schedule 3.11.

ANNEX A

Stockholders	Shares of Stock Owned	Aggregate Stated Value BFI Stock
Richard K. De Boer	17,417	$4,343,742.00
Jack E. De Boer	17,417	$4,343,742.00

ALLIED WASTE INDUSTRIES, INC.
ACQUISITION OF
LIBERTY WASTE SERVICES LIMITIED, LLC

DISCLOSURE SCHEDULES re:
GENERAL REFUSE ROLLOFF CORP.

STOCK PURCHASE AND CAPITAL CONTRIBUTION AGREEMENT

Dated as of March 13, 1998

by and among

RICHARD H. VANDER VELDE
RICHARD D. VANDER VELDE
RANDALL J. VANDER VELDE
RICHARD H. VANDER VELDE, TRUSTEE OF THE VANDER VELDE CHARITABLE TRUST, DATED 3-6-98

and

LIBERTY WASTE SERVICES LIMITED, L.L.C.

and

GENERAL REFUSE ROLLOFF CORP.

Stock Purchase and Capital Contribution Agreement (this "**Agreement**"), dated as of March 13, 1998, by and among Richard H. Vander Velde, Richard D. Vander Velde, Randall J. Vander Velde, each a resident of Cook County, Illinois, Richard H. Vander Velde, as trustee of the Vander Velde Charitable Trust, Dated March 6, 1998 (collectively, "**Stockholders**"), Liberty Waste Services Limited, L.L.C., a Delaware limited liability company ("**LWS**"), and General Refuse Rolloff Corp., an Illinois corporation ("**General Refuse**").

Stockholders own all of the issued and outstanding shares of capital stock of General Refuse, consisting of two hundred (200) shares of common stock (the "**Shares**"). LWS and Stockholders entered into that certain letter of intent dated February 9, 1998 (the "**Letter of Intent**") pursuant to which Stockholders agreed to sell all of the Shares to LWS pursuant to the terms and conditions set forth therein. The Letter of Intent contemplated that the agreement of the parties thereto concerning the purchase and sale of the Shares would be set forth in a definitive stock purchase agreement containing terms, conditions, covenants and indemnifications provisions common to agreements of this type for a transaction of this nature as well as the essential terms contained in the Letter Agreement incorporated therein by reference.

This Agreement is the "Purchase Agreement" referred to in the Letter of Intent and supersedes in its entirety the Letter of Intent.

In consideration of the foregoing recitals and premises, all of which are incorporated into this Agreement, and in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Stockholders, LWS and General Refuse, each intending to be legally bound hereby, agree as set forth below.

ARTICLE I.
THE TRANSACTION

Section 1.1. Sale and Purchase of Shares. Upon the terms and subject to the conditions of this Agreement and in consideration of the Purchase Price (defined in Section 1.2), Stockholders shall sell, assign, transfer and deliver the Shares to LWS, and LWS shall purchase from Stockholders and take delivery of the Shares, at the Closing (as defined in Section 1.6), free and clear of any Encumbrances. For purposes of this Agreement, "**Encumbrance**" means any liability, debt, mortgage, deed of trust, pledge, security interest, encumbrance, option, right of first refusal, agreement of sale, adverse claim, easement, lien, lease, assessment, restrictive covenant, encroachment, right-of-way, burden or charge of any kind or nature whatsoever or any item similar or related to the foregoing.

Section 1.2. Purchase Price. The aggregate purchase price for the Shares shall be $4,150,000 (the "**Purchase Price**").

Section 1.3. **Payment.** Upon the terms and subject to the conditions of this Agreement, (i) at Closing, LWS shall deliver to Stockholders the sum of $3,000,000 in immediately available federal funds to an account and pursuant to wire transfer instructions identified in writing by Stockholders and delivered to LWS at least ten days prior to Closing, (ii) LWS shall deliver to Stockholders a Promissory Note in the aggregate principal amount of $150,000 in substantially the form attached hereto as Exhibit A (the **"Promissory Note"**), and (iii) LWS shall deliver to Stockholders that number of Special B Shares representing a 1.18% equity interest in LWS as of the date hereof (hereafter, the **"Special B Shares"**) having an agreed value of $1,000,000.

Section 1.4. **Special B Shares.**

(a) **Designations and Preferences Generally.** The Special B Shares will have cumulative preferred distribution rights, ahead of the existing Common Shares of LWS, equal to 5% per annum (compounded annually) of $1.0 million representing an agreed 1.18% equity interest in LWS, payable prior to and only if LWS makes distributions to holders of existing Preferred Shares and Common Shares. The Special B Shares shall be *pari passu* with LWS's Special A Shares in respect of all distributions. Tax distributions will be required to be made to all LWS members and will be an exception to preferred distribution on the Special B Shares. The Special B Shares will be convertible at any time by the holder thereof into Common Shares of LWS representing an agreed 1.18% equity interest in LWS (determined as of the date hereof), such 1.18% interest having an agreed value of $1.0 million and will be subject to dilution for new investments for fair value as determined by a majority of the board of LWS. Subject to the right of the holder of the Special B Shares to convert as described in the immediately preceding sentence (which right shall take priority over LWS's "call" rights described in this sentence), LWS (after reasonable notice) will have the right to call (i.e., require the holder to sell to LWS) for cash the Special B Shares upon an initial public offering of LWS's equity securities by LWS, upon a sale of a majority of the shares of equity of LWS to third parties (which shall not include the issuance of shares of equity of LWS to new or existing investors) and upon a sale of substantially all of LWS's assets, in each case at the proportionate amount of $1.0 million, plus accumulated interest. The holder of the Special B Shares shall have the right to put (i.e., require LWS to purchase from the holder) for cash all of the Special B Shares on the fifth anniversary of the Closing Date (net of prior redemptions or conversions), at the proportionate amount of $1.0 million, plus proportionate accumulated interest, upon 90 days advance written notice. The Special B Shares will have all other rights as the existing Common Shares, including voting rights, but not including the rights of the existing Preferred Shares or Special A Shares, except as contemplated above.

(b) **Limited Liability Company Agreement.** The foregoing is intended to be a general description only of the terms of the Special B Shares. LWS has delivered to the Stockholders a copy of its existing Limited Liability Company Agreement dated as of September 16, 1997 (the "LLC Agreement"). The LLC Agreement was amended and restated on September 16, 1997 in part to create the Special A Shares. At or prior to Closing, LWS will amend its Limited Liability Company Agreement to create the Special B Shares containing the designations and preferences referred to in clause (a) above in a

manner similar (but not identical) to the Special A Shares. The Limited Liability Company Agreement of LWS as so amended shall supersede this Section.

Section 1.5. **Net Current Assets; Third Party Debt.** General Refuse covenants that it shall have, as of the Closing Date, no third party debt, no trade accounts payable (in accordance with its terms without penalty) beyond 30 days and no unearned income unless offset by cash (except for a disputed bill owed to Great Lakes Disposal Service, Inc.). General Refuse further covenants that it shall have, as of the Closing Date, total net current assets (i.e., current assets, minus current liabilities (including insurance premiums described in Section 2.13), plus current portion of long-term debt) of at least zero or greater after giving effect to the repayment of any debt as described in the first sentence of this Section. To the extent that the parties are unable on the Closing Date to completely resolve all accounts as of the Closing Date, they shall make their best estimate thereof before closing and make payments on the Closing Date based upon such estimates and shall finalize the calculations thereof and settle any resulting differences within 60 days after the Closing Date.

Section 1.6. **Closing.** The consummation of the purchase and sale of the Shares and the other transactions contemplated hereby (the "Closing") shall take place at 10:00 a.m., local time, on March 13, 1998 at the office of Hoogendoorn, Talbot, Davids, Godfrey & Milligan, 122 South Michigan Avenue, Suite 1220, Chicago, Illinois, 60603, or at such other time, date or place as the parties agree (the **"Closing Date"**).

Section 1.7. **Allocation.** The parties agree that 76% of the Shares are being exchanged for the $3,000,000 in cash and the Promissory Note pursuant to clauses (i) and (ii) of Section 1.3 and that 24% of the Shares are being contributed to the capital of LWS in exchange for the Special B Shares pursuant to clause (iii) of Section 1.3.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES
OF SELLERS AND THE COMPANY

Each Stockholder and General Refuse jointly and severally represents and warrants to LWS as follows:

Section 2.1. **Organization.** General Refuse is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, has the corporate power and authority to own or lease its properties, carry on its business as now conducted, enter into this Agreement and the other agreements or documents contemplated under this Agreement to be executed and delivered in connection with the transactions contemplated by this Agreement (**"Other Agreements"**) and perform its obligations under this Agreement and under the Other Agreements. General Refuse has never been a party to a merger, consolidation, combination or division under any state law. General Refuse is not required to qualify as a foreign corporation in any jurisdiction.

Section 2.2. **Authorization; Enforceability.** This Agreement and each Other Agreement to which Stockholders or General Refuse, or any of them, is a party have been

duly executed and delivered by and constitute the legal, valid and binding obligations of such party, enforceable against it in accordance with their respective terms. Each Other Agreement to which Stockholders or General Refuse, or any of them, are to become a party pursuant to the provisions of this Agreement, when executed and delivered by such party, will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with the terms of such Other Agreement. All actions contemplated by this Section have been duly and validly authorized by all necessary proceedings by Stockholders and General Refuse.

Section 2.3. **Shares; Capitalization.** The authorized capital stock of General Refuse consists solely of ten thousand (10,000) shares of common stock, without par value, of which two hundred (200) shares are issued and outstanding (the **"Shares"**) and none is held in its treasury. The Shares constitute all of the issued and outstanding shares of capital stock of General Refuse. All of the Shares are owned of record, legally, beneficially and exclusively by Stockholders in the amounts identified on Schedule 2.3. The Shares are free and clear of any and all Encumbrances (defined below), and upon delivery of the Shares under this Agreement, LWS will acquire good and valid legal and exclusive title thereto, free and clear of any and all Encumbrances. There are no Security Rights (defined below) relating to any of the Shares. All rights and powers to vote the Shares are held exclusively by Stockholders. All of the Shares are validly issued, fully paid and nonassessable, were not issued in violation of the terms of any agreement or other understanding, and were issued in compliance with all applicable federal and state securities or "blue sky" laws and regulations. For purposes of this Agreement, **"Encumbrance"** means any liability, debt, mortgage, deed of trust, pledge, security interest, encumbrance, option, right of first refusal, agreement of sale, adverse claim, easement, lien, lease, assessment, restrictive covenant, encroachment, right-of-way, burden or charge of any kind or nature whatsoever or any item similar or related to the foregoing. For purposes of this Agreement, **"Security Right"** means any option, warrant, subscription right, preemptive right, other right, proxy, put, call, demand, plan, commitment, agreement, understanding or arrangement of any kind relating to such security, whether issued or unissued, or any other security convertible into or exchangeable for any such security. **"Security Right"** includes any right relating to issuance, sale, assignment, transfer, purchase, redemption, conversion, exchange, registration or voting and includes rights conferred by statute, by the issuer's charter documents or by agreement.

Section 2.4. **Subsidiaries and Investments.** General Refuse does not own, nor has it ever owned, any shares of capital stock of or other equity interest in any corporation, partnership, joint venture or other entity.

Section 2.5. **No Violation of laws or Agreements; Consents.** Neither the execution and delivery of this Agreement or any Other Agreement to which Stockholders or General Refuse, or any of them, are or are to become a party, the consummation of the transactions contemplated under this Agreement or under the Other Agreements nor the compliance with or fulfillment of the terms, conditions or provisions of this Agreement or of the Other Agreements by Stockholders or General Refuse, or any of them, will:
(i) contravene any provision of the charter documents of General Refuse, (ii) conflict with, result in a breach of, constitute a default or an event of default (or an event that might, with

the passage of time or the giving of notice or both, constitute a default or event of default) under any of the terms of, result in the termination of, result in the loss of any right under, or give to any other person the right to cause such a termination of or loss under, any asset of General Refuse, including any Permit (defined below), or under any indenture, mortgage or any other contract, agreement or instrument to which any Stockholder or General Refuse is a party or by which any of their assets may be bound or affected, (iii) result in the creation, maturation or acceleration of any liability or obligation of Stockholders or General Refuse (or give to any other person the right to cause such a creation, maturation or acceleration), (iv) violate any law or violate any judgment or order of any governmental body to which Stockholders or General Refuse are subject or by which any of their respective assets may be bound or affected, or (v) result in the creation or imposition of any Encumbrance upon any of the Shares or any asset of Stockholders or General Refuse or give to any other person any interest or right therein. No consent, approval or authorization of, or registration or filing with, any person is required in connection with the execution or delivery by Stockholders or General Refuse, or any of them, of this Agreement or any of the Other Agreements to which any of them is or is to become a party pursuant to the provisions of this Agreement or the consummation by Stockholders or General Refuse, or any of them, of the transactions contemplated under this Agreement or under the Other Agreements.

Section 2.6. **Financial Information.** The books of account and related records of General Refuse reflect accurately and in detail its assets, liabilities, revenues, expenses and other transactions. Attached as Exhibit B is the balance sheet and statement of operations for General Refuse at December 31, 1997 and for the year then ended and the interim balance sheet and statement of operations for General Refuse at February 28, 1998 and for the two-month period then ended (collectively, the **"Financial Statements"**). The Financial Statements (i) are accurate, correct and complete in accordance with the books of account and records of General Refuse, (ii) have been prepared in accordance with generally accepted tax accounting principles (**"GATAP"**) on a consistent basis throughout the indicated periods, except that they contain no footnotes and the interim financial statements contain no year-end adjustments, and (iii) present fairly the financial condition, assets and liabilities and results of operation of General Refuse at the dates and for the relevant periods indicated in accordance with GATAP. All references herein to **"Balance Sheet Date"** mean General Refuse's December 31, 1997 balance sheet.

Section 2.7. **Undisclosed Liabilities.** General Refuse has no debt, obligation or liability, absolute, fixed, contingent or otherwise, of any nature whatsoever, whether due or to become due, including any unasserted claim, whether incurred directly or by any predecessor thereto, and whether arising out of any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition, except: (i) those reflected or reserved against on the Balance Sheet in the amounts shown therein; (ii) those not required under GATAP to be reflected or reserved against in the Balance Sheet that are expressly quantified and set forth in the Contracts identified pursuant to Schedule 2.13; and (iii) those incurred in the ordinary course of business since the Balance Sheet Date consistent in amount and nature to those identified on the Balance Sheet.

Section 2.8. **No Changes.** Since the Balance Sheet Date, General Refuse has

conducted its business only in the ordinary course. Except as disclosed on Schedule 2.8, during the last year, there has not been any: (i) material adverse change in the financial condition, assets, liabilities, net worth, business or prospects of General Refuse; (ii) damage or destruction to any material asset of General Refuse, whether or not covered by insurance; (iii) increase in the salary, wage or bonus of any employee of General Refuse; (iv) asset acquisition or expenditure, including capital expenditure, in excess of $25,000 in the aggregate; (v) payment or distribution to or transaction with any Related Party (defined below), which payment or transaction is not specifically disclosed in the Financial Statements (other than cash dividends); (vi) disposition of any asset for more than $25,000 in the aggregate or for less than fair market value; (vii) payment, prepayment or discharge of any liability other than in the ordinary course of business or any failure to pay any liability when due not reflected in the Financial Statements; (viii) write-offs or write-downs of any assets of General Refuse in excess of $10,000 in the aggregate not reflected in the Financial Statements; or (ix) agreement or commitment to do any of the foregoing. For purposes of this Agreement, **"Related Party"** means, (i) the Stockholders, (ii) any Affiliate of General Refuse, (iii) any officer or director of any person identified in clause (ii) preceding, and (iv) any spouse, sibling, ancestor or lineal descendant of any natural person identified in any one of the preceding clauses. Since the Balance Sheet Date, General Refuse has neither declared nor paid any dividends or made other distributions with respect to its capital stock nor has it made any special bonuses or other payments to the Stockholders. For purposes of this Agreement, **"Affiliate"** means, with respect to any person, any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such person.

Section 2.9. **Taxes.** General Refuse has filed or caused to be filed on a timely basis, or will file or cause to be filed on a timely basis, all Tax Returns (defined below) that are required to be filed by it prior to or on the Closing Date, pursuant to the law of each governmental authority with taxing power over it. All such Tax Returns were or will be, as the case may be, correct and complete. General Refuse has paid all Taxes that have become due as shown on such Tax Returns or pursuant to any assessment received as an adjustment to such Tax Returns. General Refuse is not currently the beneficiary of any extension of time within which to file any Tax Return. For purposes of this Agreement, **"Tax"** means any federal, state, county or local tax, levy, impost or other charge of any kind whatsoever, including any interest or penalty thereon or addition thereto, whether disputed or not, and **"Tax Return"** means any return, declaration, report, claim for refund, or information return or statement relating to any Tax, including any schedule or attachment thereto, and including any amendment thereof. General Refuse has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party. There is no pending, or, to the knowledge of Stockholders or General Refuse, threatened or anticipated, assessment of any additional Tax against General Refuse. General Refuse has not waived any statute of limitations in respect of any Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency for any taxable period. No Tax audit or examination is now pending or currently in progress with respect to General Refuse. General Refuse has not made any payment, nor is it obligated to make any payment, nor is it a party to any agreement that under certain circumstances could obligate it to make any payment, that will

not be deductible under Sections 280G or 162(m) of the Internal Revenue Code of 1986, as amended (the "**Code**"). General Refuse has never been (nor does it have any liability for unpaid Taxes because it once was) a member of an affiliated or consolidated group of companies under the Code. General Refuse is not and has not been during the applicable period specified in Code Section 897(c)(1)(A)(ii) a United States real property holding corporation as defined in Code Section 897(c)(2).

Section 2.10. Receivables. All trade and other accounts receivable of General Refuse ("**Receivables**"), whether reflected on the Balance Sheet or created after the Balance Sheet Date, arose from bona fide sale transactions of General Refuse, and no portion of any Receivable is subject to counterclaim, defense or set-off or is otherwise in dispute and such Receivables, net of a reserve for doubtful accounts of $25,000, which shall be used in determining net current assets pursuant to Section 1.5, will be fully collected within 60 days after having been created using commercially reasonable efforts.

Section 2.11. Condition of Assets; Title; Business. General Refuse is engaged in the commercial solid waste hauling business and no other business. The equipment, trucks and containers of General Refuse, including those reflected on the Balance Sheet, are in good operating condition and repair and are suitable for the purposes for which they are used in General Refuse's business. General Refuse has good, marketable and exclusive title to all of its assets; all of such assets are reflected on the Balance Sheet or, under GATAP, are not required to be reflected thereon; such assets include all assets that are necessary for use in and operation of General Refuse's business; and none of such assets is subject to any Encumbrance. Schedule 2.11 identifies all of General Refuse's assets. Except as disclosed on Schedule 2.11, General Refuse does not nor has it ever owned, leased or licensed any real property.

Section 2.12. No Pending Litigation or Proceedings. Except as set forth in Schedule 2.12, no action, suit, investigation, claim or proceeding of any nature or kind whatsoever, whether civil, criminal or administrative, by or before any governmental body or arbitrator ("**Litigation**") is pending or, to the knowledge of Stockholders and General Refuse, threatened against or affecting General Refuse, its business, any of General Refuse's assets, any of the Shares, or any of the transactions contemplated by this Agreement or any Other Agreement, and, to Stockholders' knowledge, there is no basis for any Litigation. General Refuse has not been a party to any other Litigation during the past two years. There is presently no outstanding judgment, decree or order of any governmental body against or affecting General Refuse, its business, any of General Refuse's assets, any of the Shares, or any of the transactions contemplated by this Agreement or any Other Agreement. General Refuse does not have pending any Litigation against any third party.

Section 2.13. Contracts; Compliance. General Refuse has no material contract, lease, indenture, mortgage, instrument, commitment or other agreement, arrangement or understanding, oral or written, formal or informal, and has no material barter arrangements (each, a "**Contract**" and collectively, the "**Contracts**").

Section 2.14. Permits; Compliance With law. General Refuse holds all permits,

certificates, licenses, franchises, privileges, approvals, registrations and authorizations required under any applicable law or otherwise advisable in connection with the operation of its assets and business (each, a **"Permit"** and collectively, **"Permits"**). All material Permits are identified on Schedule 2.14. Each Permit is valid, subsisting and in full force and effect. General Refuse is in compliance with and has fulfilled and performed its obligations under each Permit, and no event or condition or state of facts exists (or would exist upon the giving of notice or lapse of time or both) that could constitute a breach or default under any Permit. General Refuse is not currently in violation of any law and has received no notice of any violation of law, and no event has occurred or condition or state of facts exists that could give rise to any such violation. General Refuse has not received any notice of non-renewal of any Permit.

Section 2.15. Transactions With Related Parties. No Related Party is a party to any transaction, agreement or understanding with General Refuse except for dividends properly reflected as such in the Financial Statements except as disclosed on Schedule 2.8. No Related Party uses any assets of General Refuse except directly in connection with its business, and no Related Party owns any asset used in its business. No Related Party has any claim of any nature, including any inchoate claim, against General Refuse, and General Refuse has no claim of any nature, including any inchoate claim, against any Related Party. Except as otherwise may be mutually agreed in this Agreement, Other Agreement or after Closing, (i) no Related Party will at any time after Closing for any reason, directly or indirectly, be or become entitled to receive any payment or transfer of money or other property of any kind from General Refuse, and (ii) General Refuse will not at any time after Closing for any reason, directly or indirectly, be or become subject to any obligation to any Related Party.

Section 2.16. Labor Relations. The relations of General Refuse with its employees are good. No arbitration proceeding, grievance, labor strike, dispute, slowdown, stoppage or other labor trouble is pending or, to the knowledge of Stockholders or General Refuse, threatened against, involving, affecting or potentially affecting General Refuse. No complaint against General Refuse is pending or, to the knowledge of Stockholders or General Refuse, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission or any similar state or local agency, by or on behalf of any employee of General Refuse. As of the Balance Sheet Date, General Refuse had no contingent liability for sick leave, vacation time, severance pay or any similar item not fully reserved on the Balance Sheet. None of General Refuse's employees, if terminated at Closing, would be entitled to severance pay. General Refuse has no contingent liability for any occupational disease of any of its employees, former employees or others. Neither the execution and delivery of this Agreement, the performance of the provisions of this Agreement nor the consummation of the transactions contemplated under this Agreement will trigger any severance pay obligation under any contract or under any law.

Section 2.17. Insurance. Schedule 2.17 discloses all insurance policies with respect to which General Refuse is the owner, insured or beneficiary. To the best of its knowledge, General Refuse will not have any liability after the Closing for retrospective or retroactive premium adjustments with respect to events occurring prior to Closing, except to the extent

included in the calculation provided in Section 1.5.

Section 2.18. Employee Benefits.

(a) **Benefit Plans; General Refuse Plans.** Stockholders have disclosed to LWS all written and unwritten "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, and the applicable rulings and regulations thereunder ("**ERISA**"), and any other written and unwritten profit sharing, pension, savings, deferred compensation, fringe benefit, insurance, medical, medical reimbursement, life, disability, accident, post-retirement health or welfare benefit, stock option, stock purchase, sick pay, vacation, employment, severance, termination or other plan, agreement, contract, policy, trust fund or arrangement (each, a "**Benefit Plan**"), whether or not funded and whether or not terminated, (i) maintained or sponsored by General Refuse, or (ii) with respect to which General Refuse (or Stockholders with respect to General Refuse) has or may have liability or is obligated to contribute, or (iii) that otherwise covers any of the current or former employees of General Refuse or their beneficiaries, or (iv) as to which any such current or former employees or their beneficiaries participated or were entitled to participate or accrue or have accrued any rights thereunder (each, a "**General Refuse Plan**").

(b) **General Refuse Group Matters; Funding.** Neither General Refuse nor any corporation that may be aggregated with General Refuse under Sections 414(b), (c), (m) or (o) of the Code (the "**General Refuse Group**") has any obligation to contribute to or any direct or indirect liability under or with respect to any Benefit Plan of the type described in Sections 4063 and 4064 of ERISA or Section 413(c) of the Code. General Refuse does not have any liability, and after the Closing General Refuse will not have any liability, with respect to any Benefit Plan of any other member of General Refuse Group, whether as a result of delinquent contributions, distress terminations, fraudulent transfers, failure to pay premiums to the Pension Benefit Guaranty Corporation ("**PBGC**"), withdrawal liability or otherwise. Except for Multiemployer Plans, with respect to which no representation is given with respect to this provision, no accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code) exists nor has any funding waiver from the Internal Revenue Service ("**IRS**") been received or requested with respect to any General Refuse Plan or any Benefit Plan of any member of General Refuse Group and no excise or other Tax is due or owing because of any failure to comply with the minimum funding standards of the Code or ERISA with respect to any of such plans.

(c) **Compliance.** Except for Multiemployer Plans, with respect to which no representation is given with respect to this provision, each of General Refuse Plans and all related trusts, insurance contracts and funds have been created, maintained, funded and administered in all respects in compliance with all applicable laws and in compliance with the plan document, trust agreement, insurance policy or other writing creating the same or applicable thereto. Except for Multiemployer Plans, with respect to which no representation is given with respect to this provision, no General Refuse Plan is or is proposed to be under audit or investigation, and no completed audit of any General Refuse Plan has resulted in the imposition of any Tax, fine or penalty.

(d) **Qualified Plans.** Except for Multiemployer Plans, with respect to which no representation is given with respect to this provision, Stockholders have disclosed to LWS each General Refuse Plan that purports to be a qualified plan under Section 401(a) of the Code and exempt from United States federal income tax under Section 501(a) of the Code (a **"Qualified Plan"**); with respect to each Qualified Plan, a determination letter (or opinion or notification letter, if applicable) has been received from the IRS that such plan is qualified under Section 401(a) of the Code and exempt from federal income tax under Section 501(a) of the Code; no Qualified Plan has been amended since the date of the most recent such letter; no member of General Refuse Group, nor any fiduciary of any Qualified Plan, nor any agent of any of the foregoing, has done anything that would adversely affect the qualified status of a Qualified Plan or the qualified status of any related trust.

(e) **No Defined Benefit Plans.** Except for the Multiemployer Plan, no General Refuse Plan is a defined benefit plan within the meaning of Section 3(35) of ERISA (a **"Defined Benefit Plan"**). Except for the Multiemployer Plan, no Defined Benefit Plan sponsored or maintained by any member of the General Refuse Group has been terminated or partially terminated after September 1, 1974. During the five year period ending on the Closing Date, no member of the General Refuse Group has transferred a Defined Benefit Plan to a corporation that was not, at the time of transfer, related to the transferor in any manner described in Sections 414(b), (c), (m) or (o) of the Code.

(f) **Multiemployer Plans.** Schedule 2.18 identifies each General Refuse Plan that is a multiemployer plan as defined in Section 3(37) or 4001(a)(3) of ERISA (a **"Multiemployer Plan"**). In the case of each Multiemployer Plan, Schedule 2.18 sets forth the General Refuse Group contributions made to each such plan for the twelve months ended on the last day of the most recent fiscal year of each such plan. To the knowledge of Stockholder or General Refuse (without inquiry), with respect to each Multiemployer Plan: (i) each such Multiemployer Plan that is intended to qualify under Section 401(a) of the Code is so qualified in form and operation and has received a favorable determination letter from the IRS that such Multiemployer Plan is qualified under such section, its related trust has been determined to be exempt from taxation under Section 501(a) of the Code and, nothing has occurred since the date of the most recent determination letter that has affected adversely or could reasonably be expected to affect adversely such qualification or exemption; (ii) each such Multiemployer Plan is in compliance in all material respects with its terms and all governing documents as well as with the requirements prescribed by all applicable statutes, orders and governmental rules and regulations, including ERISA and the Code; (iii) there are no actions or proceedings (other than routine claims for benefits) pending, threatened or anticipated; and (iv) no such Multiemployer Plan is under audit or investigation by either the IRS, DOL, PBGC or other governmental authority and no such completed audit, if any, has resulted in the imposition of any tax, fine or penalty.

(g) **Multiemployer Pension Plans.** Schedule 2.18 identifies each Multiemployer Plan that is subject to Title IV of ERISA (a **"Multiemployer Pension Plan"**) and the amount of General Refuse's pension contribution obligation with respect thereto. With respect to each Multiemployer Pension Plan: (i) General Refuse has not received a notice that increased contributions may be required to avoid a reduction in plan benefits or the

imposition of any excise tax or that any such plan is or may become "insolvent" (within the meaning of Section 4245 of ERISA); (ii) General Refuse has not withdrawn in a complete withdrawal (within the meaning of Section 4203 of ERISA) or a partial withdrawal (within the meaning of Section 4205 of ERISA) or received any notice of any claim or demand in respect thereof; (iii) no withdrawal liability to any Multiemployer Pension Plan that is material in the aggregate has been or is expected to be incurred based on actions through the Closing Date with respect to any General Refuse Plan; and (iv) to the knowledge of Stockholder or General Refuse (without inquiry), (A) no such Multiemployer Pension Plan is in "reorganization" (within the meaning of Section 4241 of ERISA), (B) no such Multiemployer Pension Plan is a party to any pending merger or asset or liability transfer under Part 2 of Subtitle E of Title IV of ERISA and (C) there are no PBGC proceedings against any such Multiemployer Pension Plan.

Section 2.19. Environmental Matters.

(a) **Compliance; No Liability.** General Refuse has operated its business and each parcel of real property that it may have owned, used or leased at any time in compliance with all applicable federal, state and local laws relating to public health and safety or protection of the environment, including common law nuisance, property damage and similar common law theories (**"Environmental Laws"**). General Refuse is not subject to any liability, penalty or expense (including legal fees) and will not hereafter suffer or incur any loss, liability, penalty or expense (including legal fees) by virtue of any violation of any Environmental Law occurring prior to the Closing, any environmental activity conducted at or prior to the Closing or any environmental condition existing on or with respect to any property at or prior to the Closing, in each case whether or not General Refuse permitted or participated in such act or omission.

(b) **Treatment; CERCLIS.** General Refuse has not treated, stored, recycled or disposed of any hazardous substance as defined by any Environmental Law and any other material regulated by any applicable Environmental Law, including, polychlorinated biphenyls, petroleum, petroleum-related material, crude oil or any fraction thereof (**"Regulated Material"**), on any real property other than in accordance with applicable law. General Refuse has caused or permitted to occur no release of any Regulated Material at, on or under any real property. General Refuse has not transported any Regulated Material or arranged for the transportation of any Regulated Material to any location that is listed or proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. Sections 6901 et seq., as amended (**"Superfund"**), on the Comprehensive Environmental Response Compensation Liability Information System List pursuant to Superfund (**"CERCLIS"**) or any other location that is the subject of federal, state or local enforcement action or other investigation that may lead to claims against General Refuse for cleanup costs, remedial action, damages to natural resources, to other property or for personal injury including claims under Superfund.

(c) **Notices; Existing Claims; Certain Regulated Materials; Storage Tanks.** General Refuse has not received any request for information, notice of claim, demand or other notification that it is or may be potentially responsible with respect to any investigation, abatement or cleanup of any threatened or actual release of any Regulated Material.

Section 2.20. Customer Relations. There exists no condition or state of facts or circumstances involving General Refuse's customers that General Refuse or Stockholders can reasonably foresee could adversely affect its business after the Closing Date other than those resulting from any price increases, changes in service scheduling, changes in operational management and changes in personnel after the Closing Date. General Refuse's customer list is attached as Exhibit C. Exhibit C also identifies the location of each waste container (boxes) owned by General Refuse.

Section 2.21. Finders' Fees. Neither Stockholder nor General Refuse nor any of their respective officers, directors or employees has employed any broker or finder or

incurred any liability for any brokerage fee, commission or finders' fee in connection with any of the transactions contemplated under this Agreement or by any Other Agreement.

Section 2.22. Securities Matters. As proposed purchasers of the Special B Shares, Stockholders acknowledge that they and their representatives have been permitted, at their discretion, full and complete access to the books and records, facilities, equipment, tax returns, contracts, insurance policies, inventories, and other assets of LWS that they and their representatives have desired or requested to see or review, and that they and their representatives have had, at their discretion, an opportunity to meet with the officers and employees of LWS to discuss the businesses and assets of LWS. Without limiting the foregoing, Stockholders or their representatives have had an opportunity to interview LWS officers, review LWS's financial statements and ask questions about LWS's business. Each Stockholder is acquiring beneficially the Special B Shares for his own account with the intention of holding such Special B Shares for purposes of investment, and not as a nominee or agent for any other party, and not with a view to the resale or distribution of any of the Special B Shares, and no Stockholder has any intention of selling the Special B Shares or any interest therein in violation of the federal securities laws or any applicable state securities laws. Stockholders understand that the Special B Shares are not registered under the Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws. Each Stockholder is an "accredited investor" within the meaning of that term as set forth in Rule 501 issued by the Securities and Exchange Commission under the 1933 Act. Stockholders acknowledge that the Special B Shares will be uncertificated securities. The state domicile of each Stockholder is identified on Schedule 2.22.

Section 2.23. Disclosure. None of the representations or warranties of Stockholders and General Refuse contained herein and none of the information disclosed to LWS is false or misleading in any material respect or omits to state a fact herein or therein necessary to make the statements herein or therein not misleading in any material respect.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF LWS

LWS represents and warrants to Stockholders as follows:

Section 3.1. **Organization.** LWS is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the limited liability company power and authority to own its properties, carry on its business, enter into this Agreement and the Other Agreements to which it is or is to become a party and perform its obligations under this Agreement and under the Other Agreements.

Section 3.2. **Authorization; Enforceability.** This Agreement and each Other Agreement to which LWS is a party have been duly executed and delivered by and constitute the legal, valid and binding obligations of LWS, enforceable against it in accordance with their respective terms. Each Other Agreement to which LWS is to become a party pursuant to the provisions of this Agreement, when executed and delivered by LWS, will constitute the legal, valid and binding obligation of LWS, enforceable against LWS in accordance with the terms of such Other Agreement. All actions contemplated by this Section have been duly and validly authorized by all necessary proceedings by LWS.

Section 3.3. **No Violation of laws; Consents.** Neither the execution and delivery of this Agreement or any Other Agreement to which LWS is or is to become a party, the consummation of the transactions contemplated under this Agreement or under the Other Agreements nor the compliance with or fulfillment of the terms, conditions or provisions of this Agreement or of the Other Agreements by LWS will: (i) contravene any provision of the formation documents of LWS, or (ii) violate any law or any judgment or order of any governmental body to which LWS is subject or by which any of its assets may be bound or affected. No consent, approval or authorization of, or registration or filing with, any person is required in connection with the execution or delivery by LWS of this Agreement or any of the Other Agreements to which LWS is or is to become a party pursuant to the provisions of this Agreement or the consummation by LWS of the transactions contemplated under this Agreement or thereby.

ARTICLE IV.
CERTAIN COVENANTS

Section 4.1. **Conduct of Business Pending Closing.** From and after the date hereof and until the Closing Date, unless LWS shall otherwise consent in writing, General Refuse shall, and Stockholders shall cause General Refuse to, conduct its affairs as follows:

(a) **Ordinary Course; Compliance.** General Refuse's business shall be conducted only in the ordinary course and consistent with past practice.

(b) **Transactions.** General Refuse shall not: (i) amend its charter documents; (ii) change its authorized or issued capital stock or issue any Security Rights with respect to shares of its capital stock; (iii) enter into any contract or commitment the performance of

which may extend beyond the Closing, except those made in the ordinary course of business, the terms of which are consistent with past practice; (iv) enter into any employment or consulting contract or arrangement that is not terminable at will and without penalty or continuing obligation; (v) fail to pay any Tax or any other liability or charge when due, other than charges contested in good faith by appropriate proceedings; or (vi) take any action or omit to take any action that will cause a breach or termination of any Contract, other than termination by fulfillment of the terms under this Agreement.

(c) **Access, Information and Documents.** Prior to execution and delivery of the Letter Agreement, LWS had a limited opportunity to conduct its due diligence investigation of General Refuse. LWS may examine all aspects of General Refuse's business in connection with this investigation. This investigation shall include, but is not limited to, a review of General Refuse's general accounting records, tax returns, financial statements, equipment, contracts, customer lists, permits, real estate matters, and compliance with legal and environmental matters. Stockholders and General Refuse shall give to LWS and to LWS's employees and representatives (including accountants, attorneys, environmental consultants and engineers) access during normal business hours to all of the properties, books, Tax Returns, contracts, commitments, records, officers, personnel and accountants (including independent public accountants and their audit workpapers concerning General Refuse) of General Refuse and shall furnish to LWS all such documents and copies of documents and all information with respect to the properties, liabilities and affairs of General Refuse as LWS may reasonably request.

Section 4.2. Publicity. Stockholders and LWS shall not issue any press release or otherwise make any announcements to the public or the employees of General Refuse or other material disclosures with respect to this Agreement without the prior written consent of the other, except as required by law. This Section shall expire on the 10th day after the Closing Date.

Section 4.3. Fulfillment of Agreements. Each party hereto shall use its best efforts to cause all of those conditions to the obligations of the other that are not beyond its reasonable control to be satisfied on or prior to the Closing and shall use its best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

Section 4.4. Covenant Not to Compete.

(a) **Restrictions.** From and after the Closing Date, Stockholders shall not, unless acting as an officer or employee of LWS or its Affiliates, directly or indirectly, own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, stockholder, partner or otherwise with, any business conducting business under any name similar to the current name of General Refuse or LWS. For a period of five years from and after the Closing Date, Stockholders shall not, except as an officer, stockholder or employee of LWS or its Affiliates, directly or indirectly, own, manage, operate, join, control or participate in the ownership, management,

operation or control of, or be employed or otherwise connected as an officer, employer, stockholder, partner or otherwise with, any business that at any relevant time during such period directly or indirectly competes with General Refuse within a fifty mile radius of Worth, Illinois. The foregoing restrictions shall become null and void from and after any change of control of LWS occurring subsequent to the date of this Agreement. A "change of control" for this purpose shall mean

(i) The acquisition (other than from LWS, its current members or any of their successors or affiliates) by any person, entity or "deemed person" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), (exclusive, for this purpose, of LWS, its current members or any of their successors or affiliates, or any employee benefit plan of LWS or any successor or their affiliates, which acquires beneficial ownership of voting securities of LWS or any successor of LWS) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of the combined voting power of LWS's or any successor's then outstanding voting securities entitled to vote generally in the election of such entity's board of directors or comparable governing body; or

(ii) Approval by the owners of the equity interests of LWS or the stockholders of any corporate successor to LWS of a reorganization, merger, or consolidation, in each case, with respect to which persons (or persons who are beneficial owners through such person) who were the owners of the voting securities of LWS or such corporate successor immediately prior to such reorganization, merger or consolidation will not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of such entity's board of directors or comparable governing body of the reorganized, merged or consolidated company's then outstanding voting securities, or a statutory liquidation (other than a "deemed liquidation under the Code") or dissolution of LWS or such corporate successor or the sale of all or substantially all of the assets of LWS or such corporate successor; provided, however, that a "change of control" shall not occur where such reorganized, merged or consolidated company has publicly traded voting securities and the persons who were the owners of the voting securities of LWS or such corporate successor immediately prior to such reorganization, merger or consolidation are in effective control of the board of directors of such reorganized, merged or consolidated company immediately after such transaction.

(b) **Enforcement**. The restrictive covenant contained in this Section is a covenant independent of any other provision of this Agreement and the existence of any claim that Stockholders may allege against any other party to this Agreement, whether based on this Agreement or otherwise, shall not prevent the enforcement of this covenant. Stockholders

agree that LWS's remedies at law for any breach or threat of breach by Stockholders of the provisions of this Section will be inadequate, and that LWS shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which LWS may be entitled at law or equity. In the event of litigation regarding this covenant not to compete, the prevailing party in such litigation shall, in addition to any other remedies the prevailing party may obtain in such litigation, be entitled to recover from the other party its reasonable legal fees and out of pocket costs incurred by such party in enforcing or defending its rights under this Agreement. The length of time for which this covenant not to compete shall be in force shall not include any period of violation or any other period required for litigation during which LWS seeks to enforce this covenant. Should any provision of this Section be adjudged to any extent invalid by any competent tribunal, such provision will be deemed modified to the extent necessary to make it enforceable.

Section 4.5. **No Solicitation.** Neither Stockholders nor General Refuse shall nor shall they permit any of their Affiliates to, directly or indirectly, solicit, initiate or encourage any inquiries or the making of any proposals from, engage or participate in any negotiations or discussions with, provide any confidential information or data to, or enter into or authorize any agreement or understanding with any person or announce any intention to do any of the foregoing, with respect to any offer or proposal to acquire all or any of the Shares or any substantial part of the assets, properties, or the business of General Refuse, whether by merger, purchase of capital stock or assets or otherwise.

Section 4.6. **Employment Agreements.** After Closing, LWS, or one of its affiliates, shall employ each of Richard D. Vander Velde and Randall J. Vander Velde pursuant to the terms of the Employment Agreements attached hereto as Exhibit D (the **"Employment Agreements"**), including the right to receive an automobile allowance of $400 per month each. The Employment Agreements and a supplemental agreement for Richard H. Vander Velde will provide that LWS, or one of its affiliates, will pay, as additional compensation, all of Stockholder's contributions to health insurance, pension and welfare plans following the Closing Date. All employees of General Refuse shall retain their seniority with respect to benefit and other employment matters after Closing, regardless of whether such employees are transferred to LWS or an affiliate of LWS.

Section 4.7. **Securities Matters.** Stockholders shall make and hold the investment in the Special B Shares pursuant to a Subscription Agreement in the form of Exhibit E (**"Subscription Agreement"**). Stockholders will execute and deliver the Member's Agreement in the form of Exhibit F (**"Member's Agreement"**). Stockholders shall cooperate with LWS in causing the issuance of the Special B Shares as contemplated hereunder to be exempt from registration under the 1933 Act and applicable state securities law.

Section 4.8. **Public Offering.** Stockholders acknowledge that LWS is considering as a possibility at some time in the future an initial public offering of its equity securities (an "IPO") and that in order to do so LWS and its subsidiaries must be converted into corporate form. Stockholders hereby covenant that they will participate in, permit and vote in favor of any conversion, recapitalization, "roll up," merger or other reorganization of LWS deemed necessary by a majority of LWS's board of managers to prepare LWS for or to position

LWS for an IPO, subject to dilution for new investments for fair value as determined by a majority of LWS's board of managers. Stockholders will cooperate with any underwriters engaged by LWS to underwrite an IPO and to execute and deliver a lock-up agreement with respect to the interest in LWS and any other agreement reasonably requested by such underwriter as necessary for the IPO.

Section 4.9. Taxes; Distributions. Stockholders shall be responsible for filing all Tax returns of General Refuse, and liable for paying all Taxes related thereto, for all tax years of General Refuse ending on or before the Closing Date. General Refuse shall make no dividend or other distributions with respect to its capital stock or special bonuses or payments to the Stockholders on or before the Closing Date.

Section 4.10. Office and Garage. General Refuse may use the property located at 11641 S. Ridgeland, Worth, Illinois (owned by Richard H. Vander Velde) until April 30, 1998 for a one-time payment of $7,000.00. At April 30, 1998, all leasehold agreements between General Refuse and Richard H. Vander Velde shall terminate with no liability by either party to the other.

ARTICLE V.
CONDITIONS TO CLOSING; TERMINATION

Section 5.1. **Conditions Precedent to Obligation of LWS.** The obligation of LWS to proceed with the Closing under this Agreement is subject to the fulfillment prior to or at Closing of the following conditions, any one or more of which may be waived in whole or in part by LWS at LWS's sole option:

(a) **Bringdown of Representations and Warranties; Covenants.** Each of the representations and warranties of the Stockholders and General Refuse contained in this Agreement and each Other Agreement shall be true and correct in all material respects on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on, as of and with reference to the Closing Date. Each of Stockholders and General Refuse shall have performed in all respects all of the covenants and complied with all of the provisions required by this Agreement and each Other Agreement to be performed or complied with by it at or before the Closing.

(b) **Litigation.** No statute, regulation or order of any governmental body shall be in effect that restrains or prohibits the transactions contemplated hereby or that would limit or adversely affect LWS's ownership of the Shares or control of General Refuse, and there shall not have been threatened, nor shall there be pending, any action or proceeding by or before any governmental body challenging the lawfulness of or seeking to prevent or delay any of the transactions contemplated by this Agreement or any of the Other Agreements or seeking monetary or other relief by reason of the consummation of any of such transactions.

(c) **No Material Adverse Change.** Between the date hereof and the Closing Date, there shall have been no material adverse change, regardless of insurance coverage therefor, in the business or any of the assets, results of operations, liabilities, prospects or condition, financial or otherwise, of General Refuse.

(d) **Closing Certificate.** Stockholders shall have delivered a certificate, dated the Closing Date, in such detail as LWS shall request, certifying to the fulfillment of the conditions set forth in subparagraphs (a), (b) and (c) of this Section 5.1. Such certificate shall constitute a representation and warranty of Stockholders with regard to the matters therein for purposes of this Agreement.

(e) **Closing Documents.** LWS shall have received the other documents referred to in Section 5.3(a). All agreements, certificates, opinions and other documents delivered by Stockholders or General Refuse to LWS hereunder shall be in form and substance satisfactory to counsel for LWS, in the exercise of such counsel's reasonable professional judgment.

(f) **Due Diligence.** LWS shall have completed its due diligence of the Company and shall have discovered no material facts that would, in LWS's sole discretion, impair the value of the Company, its prospects, cash flow or any if its assets.

(g) **Subscription Agreement; Member's Agreement.** The Stockholders shall

have entered into the Subscription Agreement and the Member's Agreement.

(h) **Bank.** LWS shall have received approval to consummate the transactions contemplated hereby by its senior bank lender.

(i) **Subordination.** The Stockholders shall have executed and delivered a subordination agreement acceptable to LWS's senior bank lender with respect to LWS's obligations under the Promissory Note.

Section 5.2. Conditions Precedent to Obligation of Stockholders. The obligation of the Stockholders to proceed with the Closing under this Agreement is subject to the fulfillment prior to or at Closing of the following conditions, any one or more of which may be waived in whole or in part by the Stockholders at the Stockholders' sole option:

(a) **Bringdown of Representations and Warranties; Covenants.** Each of the representations and warranties of LWS contained in this Agreement and in each Other Agreement to which it is a party shall be true and correct in all material respects on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on, as of and with reference to the Closing Date. LWS shall have performed all of the covenants and complied in all respects with all of the provisions required by this Agreement and each Other Agreement to which it is a party to be performed or complied with by it at or before the Closing.

(b) **Litigation.** No statute, regulation or order of any governmental body shall be in effect that restrains or prohibits the transactions contemplated hereby, and there shall not have been threatened, nor shall there be pending, any action or proceeding by or before any governmental body challenging the lawfulness of or seeking to prevent or delay any of the transactions contemplated by this Agreement or the Other Agreements or seeking monetary or other relief by reason of the consummation of such transactions.

(c) **Closing Certificate.** LWS shall have delivered a certificate, dated the Closing Date, in such detail as Stockholders shall request, certifying to the fulfillment of the conditions set forth in subparagraphs (a) and (b) of this Section 5.2. Such certificate shall constitute a representation and warranty of LWS with regard to the matters therein for purposes of this Agreement.

(d) **Closing Documents.** Stockholders shall also have received the other documents referred to in Section 5.3(b). All agreements, certificates, opinions and other documents delivered by LWS to Stockholders hereunder shall be in form and substance satisfactory to counsel for Stockholders, in the exercise of such counsel's reasonable professional judgment.

(e) **Employment Agreements.** General Refuse shall have entered into the Employment Agreements.

Section 5.3. Deliveries and Proceedings at Closing.

(a) **Deliveries by Stockholders.** Stockholders are delivering to LWS at the Closing:

(i) Certificates representing the Shares duly endorsed in negotiable form or accompanied by stock powers duly executed in blank with all transfer taxes, if any, paid in full.

(ii) Certificates of the appropriate public officials to the effect that General Refuse was a validly existing corporation in good standing in its state of incorporation as of a date not more than 10 days prior to the Closing Date.

(iii) True and correct copies of (A) the charter documents (other than the bylaws) of General Refuse as of a date not more than 10 days prior to the Closing Date, certified by the Secretary of State of Illinois, and (B) the bylaws of General Refuse as of the Closing Date, certified by its Secretary.

(iv) General releases by all officers and directors of General Refuse and the Stockholders of all liability of General Refuse to them and of any claim that they or any of them may have against General Refuse.

(v) The minute books, stock ledgers and corporate seal of General Refuse.

(vi) Resignations of the officers and directors of General Refuse effective at the Closing.

(vii) Opinion of Hoogendoorn, Talbot, Davids, Godfrey & Milligan in the form of Exhibit G.

(viii) Documents removing the authority of any person to write checks, make drafts, make withdrawals, etc., on or with respect to any of General Refuse's bank accounts or investment funds.

(ix) Such other agreements and documents as LWS may reasonably request.

(b) **Deliveries by LWS.** LWS is delivering or causing to be delivered to Stockholders at the Closing:

(i) A certificate of the appropriate public official to the effect that LWS is a validly existing limited liability company in its state of formation as of a date not more than 10 days prior to the Closing Date.

(ii) True and correct copies of the certificate of formation of LWS as of a

date not more than 10 days prior to the Closing Date, certified by the Secretary of State of the State of Delaware.

(iii) An opinion of Kirkpatrick & Lockhart LLP in the form of Exhibit H.

(iv) Such other agreements and documents as Stockholders may reasonably request.

Section 5.4. Termination. This Agreement may be terminated at any time prior to Closing by: (i) mutual consent of LWS, the Stockholders and General Refuse; (ii) LWS, if any of the conditions specified in Section 5.1 hereof shall not have been fulfilled by March 11, 1998 and shall not have been waived by LWS; or (iii) the Stockholders, if any of the conditions specified in Section 5.2 hereof shall not have been fulfilled by March 11, 1998 and shall not have been waived by the Stockholders. In the event of termination of this Agreement by either LWS or the Stockholders pursuant to clause (ii) or (iii) of the immediately preceding sentence, LWS, on the one hand, and the Stockholders and General Refuse, on the other hand, shall be liable to the other for any breach hereof by such party, which breach led to such termination, and the rights and obligations of the parties set forth in Sections 6.2, 6.3 and 7.1 shall survive such termination. LWS, on the one hand, and the Stockholders and General Refuse, on the other hand, shall also be entitled to seek any other remedy to which it may be entitled at law or in equity in the event of such termination, which remedies shall include injunctive relief and specific performance. Notwithstanding the foregoing, in the event that this Agreement is terminated by one party hereto pursuant to clause (ii) or (iii) of the first sentence of this Section solely as a result of a breach by another party hereto of a representation or warranty of such other party as of a date after the date of this Agreement, which breach could not have been reasonably anticipated by such other party and was beyond the reasonable control of such other party, then the remedy of the party terminating this Agreement shall be limited solely to recovery of all of such party's costs and expenses incurred in connection herewith.

ARTICLE VI.
SURVIVAL OF REPRESENTATIONS; INDEMNIFICATION

Section 6.1. Survival of Representations. All representations and warranties made by any party in this Agreement or pursuant hereto shall survive the Closing for a period of 24 months after the Closing Date, except that those representations and warranties relating to taxes and title to the Shares or any property of General Refuse shall survive without limitation as to time, but all claims for damages made by virtue of such representations, warranties and agreements shall be made under, and subject to the limitations set forth in, this Article VI. The representations and warranties set forth in Articles II and III are cumulative, and any limitation or qualification set forth in any one representation and warranty therein shall not limit or qualify any other representation and warranty therein. After the Closing, General Refuse shall have no liability to Stockholders for any breach of any representation or warranty made by Stockholders or General Refuse to LWS in this Agreement, in any certificate or document furnished pursuant hereto by Stockholders or General Refuse or any Other Agreement to which Stockholders or General Refuse, any of them, is or is to become a party.

Section 6.2. Indemnification by Stockholders. Stockholders, and, if there shall be no Closing, General Refuse, shall indemnify, defend, save and hold LWS and its officers, directors, employees, agents and Affiliates (including, after the Closing, General Refuse; collectively, **"LWS Indemnitees"**) harmless from and against all demands, claims, allegations, assertions, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs and expenses (including reasonable legal fees, interest, penalties, and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, whether or not any such demands, claims, allegations, etc., of third parties are meritorious; collectively, **"LWS Damages"**) asserted against, imposed upon, resulting to, required to be paid by or incurred by any LWS Indemnitees, directly or indirectly, in connection with, arising out of, which could result in, or which would not have occurred but for, (i) a breach of any representation or warranty made by Stockholders or General Refuse in this Agreement, in any certificate or document furnished pursuant hereto by Stockholders or General Refuse or any Other Agreement to which Stockholders or General Refuse, or any of them, is or is to become a party, (ii) a breach or nonfulfillment of any covenant or agreement made by Stockholders or General Refuse in or pursuant to this Agreement or in any Other Agreement to which Stockholders or General Refuse, or any of them, is or is to become a party, (iii) any and all liabilities of General Refuse of any nature whatsoever, whether due or to become due, whether accrued, absolute, contingent or otherwise, existing on the Closing Date or arising out of any transaction entered into, or any state of facts existing, prior to the Closing Date, except for liabilities fully reserved on the General Refuse Balance Sheet, but only to the extent reserved therein, and except for liabilities expressly contained in the Contracts, (iv) accumulating overtime not in accordance with applicable law, (v) any Taxes due as a consequence of the current or future audits of General Refuse by Taxing authorities, and (vi) any Environmental Liabilities associated with the property located at _____, Worth, Illinois, relating to facts or occurrences prior to Closing. LWS shall be entitled to offset any LWS Damages against its obligations under the Promissory Note and in respect of the Special B Shares.

Section 6.3. **Indemnification by LWS.** LWS shall indemnify, defend, save and hold Stockholders and its officers, directors, employees, Affiliates and agents (collectively, **"Stockholders Indemnitees"**) harmless from and against any and all demands, claims, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs and expenses (including reasonable legal fees, interest, penalties, and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing; collectively, **"Stockholders Damages"**) asserted against, imposed upon, resulting to, required to be paid by or incurred by any Stockholders Indemnitees, directly or indirectly, in connection with, arising out of, which could result in, or which would not have occurred but for, (i) a breach of any representation or warranty made by LWS in this Agreement or in any certificate or document furnished pursuant hereto by LWS or any Other Agreement to which LWS is a party, and (ii) a breach or nonfulfillment of any covenant or agreement made by LWS in or pursuant to this Agreement and in any Other Agreement to which LWS is a party.

Section 6.4. **Notice of Claims.** If any LWS Indemnitee or Stockholders Indemnitee (an **"Indemnified Party"**) believes that it has suffered or incurred or will suffer or incur any LWS Damages or Stockholders Damages, as the case may be (**"Damages"**), for which it is entitled to indemnification under this Article VI, such Indemnified Party shall so notify the party or parties from whom indemnification is being claimed (the **"Indemnifying Party"**) with reasonable promptness and reasonable particularity in light of the circumstances then existing. If any action at law or suit in equity is instituted by or against a third party with respect to which any Indemnified Party intends to claim any Damages, such Indemnified Party shall promptly notify the Indemnifying Party of such action or suit. The failure of an Indemnified Party to give any notice required by this Section shall not affect any of such party's rights under this Article VI or otherwise except and to the extent that such failure is actually prejudicial to the rights or obligations of the Indemnified Party.

Section 6.5. **Third Party Claims.** The Indemnifying Party shall have the right to defend against any such claim, action, or suit provided (i) Indemnifying Party shall, within ten days after notification of the claim given by Indemnified Party, notify Indemnified Party that it disputes such claim, giving reasons therefor, and that Indemnifying Party will, at its own cost and expense, defend the same, and (ii) such defense is instituted and continuously maintained in good faith by Indemnifying Party. In such event the defense may, if necessary, be maintained in good faith by Indemnified Party. Indemnified Party may, if it so elects, designate its own counsel to participate along with counsel selected by Indemnifying Party in the conduct of such defense, and Indemnified Party shall, in such event, pay the fees of any counsel so designated by it. In any event, Indemnified Party shall be kept fully advised as to the status of such defense. If Indemnifying Party shall be given notice of a claim as aforesaid and shall fail to notify Indemnified Party of its election to defend such claim within the time and as prescribed herein, or having so elected to defend such claim shall fail to institute and maintain such defense in accordance with he foregoing, or if such defense shall be unsuccessful then, in any such event, the Indemnifying Party shall fully satisfy and discharge the claim after notice from Indemnified Party requesting Indemnifying Party to do so.

Section 6.6. **Attorney's Fees.** In the event of litigation arising out of any alleged

default or breach of this Agreement, the prevailing party shall be entitled to recover all reasonable costs and expenses incurred in the prosecution or defense of such litigation (including reasonable attorneys fees and costs).

ARTICLE VII.
MISCELLANEOUS

Section 7.1. Costs and Expenses. LWS and Stockholders shall each pay its respective expenses, brokers' fees and commissions, and Stockholders shall pay all of the expenses of General Refuse incurred in connection with this Agreement and the transactions contemplated hereby, including all accounting, legal and appraisal fees and settlement charges.

Section 7.2. Further Assurances. Stockholders shall, at any time and from time to time on and after the Closing Date, upon request by LWS and without further consideration, take or cause to be taken such actions and execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments, documents, transfers, conveyances and assurances as may be required or desirable for the better conveying, transferring, assigning, delivering, assuring and confirming the Shares to LWS or any of the assets used in General Refuse's business to General Refuse.

Section 7.3. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given or made (i) the second business day after the date of mailing, if delivered by registered or certified mail, postage prepaid, (ii) upon delivery, if sent by hand delivery, (iii) upon delivery, if sent by prepaid courier, with a record of receipt, or (iv) the next day after the date of dispatch, if sent by cable, telegram, facsimile or telecopy (with a copy simultaneously sent by registered or certified mail, postage prepaid, return receipt requested), to the parties at the following addresses:

(i) if to LWS, to:

Liberty Waste Services Limited, L.L.C.
CNG Tower, Suite 3100
625 Liberty Avenue
Pittsburgh, PA 15222-3124
Telecopy: (412) 562-0248

with a required copy to:
Kirkpatrick & Lockhart LLP
1500 Oliver Building
Pittsburgh, PA 15222-2312
Attn: David L. Forney, Esquire
Telecopy: (412) 355-6501

(ii) if to Stockholders, to:

Richard D. Vander Velde
12432 S. 69th Avenue
Palos Heights, IL 60463

with a required copy to:
James A. Davids, Esquire
Hoogendoorn, Talbot, Davids, Godfrey & Milligan
122 South Michigan Avenue
Suite 1220
Chicago, IL 60603-6107

Notices to General Refuse shall be addressed in care of Stockholders before Closing and in care of LWS after Closing. Any party hereto may change the address to which notice to it, or copies thereof, shall be addressed, by giving notice thereof to the other parties hereto in conformity with the foregoing.

Section 7.4. **Currency.** All currency references herein are to United States dollars.

Section 7.5. **Offset; Assignment; Governing law.** Notwithstanding anything else herein to the contrary, LWS shall be entitled to offset or recoup from any amounts due to Stockholders from LWS hereunder or under any Other Agreement (including amounts due under the Promissory Note and in respect of the Special B Shares) against any obligation of Stockholders to LWS hereunder or under any Other Agreement. This Agreement and all the rights and powers granted hereby shall bind and inure to the benefit of the parties hereto and their respective permitted successors and assigns. This Agreement and the rights, interests and obligations hereunder may not be assigned by any party hereto without the prior written consent of the other parties hereto, except that LWS may make such assignments to any Affiliate of LWS or an assignment hereof in connection with any merger, combination, recapitalization, reorganization or sale of substantially all of the assets of LWS or its affiliates. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflict of law doctrines.

Section 7.6. **Amendment and Waiver; Cumulative Effect.** To be effective, any amendment or waiver under this Agreement must be in writing and be signed by the party against whom enforcement of the same is sought. Neither the failure of any party hereto to exercise any right, power or remedy provided under this Agreement or to insist upon compliance by any other party with its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof shall constitute a waiver by such party of its right to exercise any such right, power or remedy or to demand such compliance. The rights and remedies of the parties hereto are cumulative and not exclusive of the rights and remedies that they otherwise might have now or hereafter, at law, in equity, by statute or otherwise.

Section 7.7. **Entire Agreement; No Third Party Beneficiaries.** This Agreement and the Schedules and Exhibits set forth all of the promises, covenants, agreements, conditions and undertakings between the parties hereto with respect to the subject matter hereof, and supersede all prior or contemporaneous agreements and understandings, negotiations, inducements or conditions, express or implied, oral or written, including the Letter of Intent. This Agreement is not intended to confer upon any person other than the

parties hereto any rights or remedies hereunder, except the provisions of Sections 6.2 and 6.3 relating to LWS Indemnitees and Stockholders Indemnitees.

Section 7.8. Severability. If any term or other provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced under any rule of law in any particular respect or under any particular circumstances, such term or provision shall nevertheless remain in full force and effect in all other respects and under all other circumstances, and all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 7.9. Construction. As used herein, unless the context otherwise requires: (i) references to **"Article"** or **"Section"** are to an article or section hereof; (ii) all **"Exhibits"** and **"Schedules"** referred to herein are to Exhibits and Schedules attached hereto and are incorporated herein by reference and made a part hereof; (iii) "include", "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; and (iv) the headings of the various articles, sections and other subdivisions hereof are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

Section 7.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall be deemed to be one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

STOCKHOLDERS:

Richard H. Vander Velde

Richard D. Vander Velde

Randall J. Vander Velde

Richard H. Vander Velde
as trustee aforesaid

LIBERTY WASTE SERVICES LIMITED, L.L.C.

By: _____
Title: President

GENERAL REFUSE ROLLOFF CORP.

By: _____
Title: President

Spousal Consents

The undersigned, spouses of Richard H. Vander Velde, Richard D. Vander Velde and Randall J. Vander Velde, hereby consent to the foregoing Agreement, and waive any rights or claims that the undersigned may have against the Shares, General Refuse, LWS and their respective affiliates and successors and assigns.

_____

_____

_____

SCHEDULES AND EXHIBITS

Schedule 2.3	Shares; Capitalization
Schedule 2.8	Changes During the Past Year
Schedule 2.11	Assets
Schedule 2.12	Litigation
Schedule 2.13	Material Contracts
Schedule 2.14	Permits
Schedule 2.17	Insurance
Schedule 2.18	Multi-Employer Plans
Schedule 2.22	Domicile of Stockholders
Exhibit A	Promissory Note
Exhibit B	Financial Statements
Exhibit C	Customer List
Exhibit D	Employment Agreements
Exhibit E	Subscription Agreement
Exhibit F	Member's Agreement
Exhibit G	Opinion of Hoogendoorn, Talbot, Davids, Godfrey & Milligan
Exhibit H	Opinion of Kirkpatrick & Lockhart LLP

AMERICAN DISPOSAL SERVICES, INC.

A SUBSIDIARY OF ALLIED WASTE INDUSTRIES, INC.

ACQUISITION OF

LIBERTY WASTE SERVICES LIMITED, L.L.C.

NOVEMBER 4, 1998

VOLUME I

AGREEMENT OF MERGER

This AGREEMENT OF MERGER (this "**Agreement**"), dated as of September 23, 1998, is entered into by and among LIBERTY WASTE SERVICES LIMITED, LLC, a Delaware limited liability company (the "**Company**"), those MEMBERS of the Company who have executed, or will prior to Closing (as defined below) execute, counterpart signature pages to this Agreement, and AMERICAN DISPOSAL SERVICES, INC., a Delaware corporation ("**ADS**"), AMERICAN DISPOSAL SERVICES OF ILLINOIS, INC., a Delaware corporation and a wholly-owned subsidiary of ADS ("**ADS-Illinois**"), and AMERICAN MERGER AND ACQUISITION CORP., a transitory and wholly-owned subsidiary of ADS-Illinois ("**American Acquisition**"; and collectively with ADS and ADS-Illinois, the "**Buyer**").

WITNESSETH:

WHEREAS, the Company has the following limited liability company interests (the "LLC Interests") authorized and outstanding as of the date hereof: 2,473,183 Common Shares, 1,000,000 Preferred Shares, 261,552 Special A Shares and 44,090 Special B Shares (and an outstanding option to acquire an additional 32,258 Common Shares);

WHEREAS, ADS has authorized for issuance (i) 60,000,000 shares of Common Stock, par value $.01 per share ("**ADS Common Stock**"), authorized for issuance, of which 24,478,606 shares were issued and outstanding at the close of business on September 9, 1998; and (ii) 5,000,000 shares of undesignated preferred stock, none of which is issued and outstanding as of the date hereof;

WHEREAS, American Acquisition has 1,000 shares of Common Stock, $.01 par value ("**American Acquisition Common Stock**"), authorized for issuance, 100 shares of which are issued and outstanding on the date hereof, all of which are owned of record and beneficially by ADS-Illinois, and all the issued and outstanding shares of capital stock of ADS-Illinois are owned of record and beneficially by ADS;

WHEREAS, the Boards of Directors of Buyer and ADS and the sole shareholder of American Acquisition, on the one hand, and the Board of Managers of the Company and at least a majority of the those persons (the "**Members**") who are holders of the LLC Interests, on the other hand, have approved the merger of American Acquisition with and into the Company (the "**Merger**") pursuant to this Agreement of Merger, with the Company being the surviving limited liability company of such Merger (the "**Surviving LLC**");

WHEREAS, for accounting purposes, it is intended that the Merger shall be accounted for as a "pooling-of-interests" in accordance with generally accepted accounting principles and the rules, regulations and interpretation of the Securities and Exchange Commission ("**SEC**"); and

WHEREAS, for federal income tax purposes, it is intended that the Merger shall be a taxable transfer of the Company's limited liability company interests to ADS-Illinois under the Code (as defined below);

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, OF THE REPRESENTATIONS, WARRANTIES, COVENANTS AND MUTUAL AGREEMENTS HEREINAFTER CONTAINED AND OF OTHER GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1.
DEFINITIONS

The terms defined in this Article 1, whenever used herein (including without limitation in the Exhibits and Disclosure Schedule hereto), shall have the following meanings for all purposes of this Agreement:

"**AAA**" has the meaning given to it in Section 9.4(b).

"**ADS**" has the meaning given to it in the caption hereof.

"**ADS Average Common Stock Value**" the average closing price for shares of ADS Common Stock (or, if the Closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste) as reported on the NASDAQ National Market System for the 10 consecutive trading days ending on the fourth trading day immediately preceding the Closing Date.

"**ADS Common Stock**" has the meaning given to it in the recitals hereto.

"**ADS-Illinois**" has the meaning given to it in the caption hereof.

"**ADS Shares**" means the shares of ADS Common Stock (or, if the Closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste) to be issued as Merger Consideration hereunder.

"**Affiliate**" of a Person means any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such Person.

"**Agreement**" means this agreement among the parties set forth on the first page hereof, including all Exhibits and the Disclosure Schedule hereto.

"**Allied Waste**" means Allied Waste Industries, Inc., a Delaware corporation.

"**Allied Waste Merger Agreement**" means the Agreement and Plan of Merger dated August 10, 1998 among ADS, Allied Waste and AWIN II Acquisition Corporation.

"**American Acquisition**" has the meaning given to it in the caption hereof.

"**American Acquisition Common Stock**" has the meaning given to it in the recitals hereto.

"**Balance Sheet Date**" means August 31, 1998.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are required or authorized by law to be closed.

"**Buyer**" has the meaning given to it in the caption hereof.

"**Buyer Claimant**" has the meaning given to it in Section 8.2 hereof.

"**CERCLA**" has the meaning given to it in Section 3.17(b) hereof.

"**Certificate of Merger**" has the meaning given to it in Section 2.2 hereof.

"**Claims**" has the meaning given to it in Section 8.2 hereof.

"**Claimant**" means the party seeking indemnification under Section 8.5(a) hereof.

"**Closing**" means the consummation of the transactions contemplated hereby on the Closing Date.

"**Closing Date**" means the fifth Business Day after the satisfaction or waiver of all of the conditions set forth in Article VII hereto, or such other date as the parties may mutually agree.

"**Code**" means the Internal Revenue Code of 1986, as amended, together with the Treasury Regulations promulgated thereunder.

"**Company**" has the meaning given to it in the caption hereof.

"**Company's Closing Debt**" means the debt for borrowed money and other debt of the Company and its subsidiaries described on Schedule 1 to the Disclosure Schedule on a consolidated basis as of the Closing Date and any obligation to make payment upon redemption or repurchase of LLC Interests.

"**Company LLC Agreement**" has the meaning given to it in Section 2.3(a) hereof.

"**Consent**" means any consent, approval, authorization, license or order of, registration, declaration or filing with, or notice to, or waiver from, any federal, state, local, foreign or other Governmental Entity or any Person, including, without limitation, any security holder or creditor which is necessary to be obtained, made or given by any of the Members, the Company or its subsidiaries in connection with the execution and delivery by the Members and the Company of this Agreement, the performance by the Members and the Company of their obligations hereunder and the consummation of the transactions contemplated hereby.

"**DGCL**" has the meaning given to it in Section 2.1 hereof.

"**DLLCA**" has the meaning given to it in Section 2.1 hereof.

"**Debt Merger Consideration Adjustment**" has the meaning given to it in Section 2.6(b)(i) hereof.

"**Disclosure Schedule**" means the disclosure schedules attached to this Agreement, and includes but is not limited to each of the Schedules expressly referred to in Article 3.

"**Effective Time**" has the meaning given to it in Section 2.2 hereof.

"**Employee Benefit Plan**" means any employee benefit plan within the meaning of Section 3(3) of ERISA and any other bonus, deferred compensation, pension, profit-sharing, retirement, stock purchase, stock option, stock appreciation, other forms of equity or incentive compensation, excess benefit, supplemental pension insurance, disability, medical, health supplemental unemployment, vacation benefits, severance, life, fringe benefit, flexible benefit, change in control, employment or post-retirement welfare, insurance, compensation or benefit, welfare or any other employee benefit plans, arrangements or practices, whether written or oral, insured or self-insured: (i) established, maintained, sponsored, or contributed to (or with respect to which any obligation to contribute has been undertaken) by the Company or its subsidiaries or on behalf of any employee, director, shareholder, or partner of the Company or its subsidiaries (whether current, former, or retired) or their beneficiaries or (ii) with respect to which the Company or any ERISA Affiliate has or has had any obligation on behalf of any such employee, director, shareholder, partner, or beneficiary.

"**Encumbrance**" means any and all security interests, pledges, hypothecations, claims of third parties of any nature, charges, escrows, options, rights of first refusal, liens, encumbrances, mortgages, indentures, security agreements or other agreements, arrangements, contracts, commitments, obligations or understandings, whether written or oral.

"**Environment**" means any surface or subsurface physical medium or natural resource, including, air, land, soil, surface waters, ground waters, stream and river sediments.

"**Environmental Action**" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other written communication from any federal, state, local or municipal agency, department, bureau, office or other authority or any third party involving a Hazardous Discharge or any violation of any Permit or Environmental Laws.

"**Environmental Laws**" means any federal, state, local or common law, rule, regulation, ordinance, code, order or judgment relating to the injury to, or the pollution or protection of, human health and safety or the Environment.

"**Environmental Liabilities**" means any claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys' and consultants' fees) relating to investigation, assessment, remediation or defense of any matter concerning human health and safety (in respect of toxic tort matters) and the Environment of whatever kind or nature by any Person or Governmental Entity, which are incurred as a result of (i) the existence of Hazardous Substances in, on, under, at or emanating from any Real Property, (ii) the offsite transportation, treatment, storage or disposal of Hazardous Substances generated by the Company or any of its subsidiaries, or (iii) the violation of any Environmental Laws by the Company or any of its subsidiaries prior to the Closing Date.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"**ERISA Affiliate**" means any entity that would be deemed a "single employer" with the Company or any of its subsidiaries under Section 414(b), (c), (m), or (o) of the Code or Section 4001 of ERISA.

"**Escrow**" has the meaning given to it in Section 2.6(c) hereto.

"**Escrow Agent**" has the meaning given to it in Section(c) hereto.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Financial Statements**" means the consolidated balance sheets as of December 31, 1996 and December 31, 1997 and the related statements of income and retained earnings and cash flows of the Company and its subsidiaries for the fiscal periods then ended, audited by Arthur Andersen, including in each case the related notes thereto, and the Interim Financial Statements.

"**GAAP**" means United States generally accepted accounting principles, applied on a consistent basis, which assumes the continuation of each of the Company and its subsidiaries as a going concern.

"**General Escrow Agreement**" has the meaning given to it in Section 2.6(c) hereto.

"**General Escrow Shares**" has the meaning given to it in Section 2.6(c) hereto.

"**General Escrow Claim Termination Date**" means the earlier of (i) the date of issuance by ADS's regularly employed independently public accountants of audited financial statements and the accompanying report covering the first fiscal year of combined operations of ADS and the Company and (ii) the which is date 364 days after the Closing Date.

"**Governmental Entity**" means any federal, state, local or foreign government, political subdivision, legislature, court, agency, department, bureau, commission or other governmental regulatory authority, body or instrumentality to which the Company or any of its subsidiaries is subject.

"**Hazardous Discharge**" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of Hazardous Substances, whether on or off the premises of the Company or any of its subsidiaries.

"**Hazardous Substance**" means petroleum, petroleum products, petroleum-derived substances, radioactive materials, hazardous wastes, polychlorinated biphenyls, lead-based paint, radon, urea formaldehyde, asbestos or any materials containing asbestos, and any materials or substances regulated or defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous constituents," "toxic substances," "pollutants," "contaminants" or any similar denomination intended to classify or regulate substances by reason of toxicity, carcinogenicity, ignitability, corrosivity or reactivity under any Environmental Law.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"**Indemnitor**" means the party against whom indemnification is sought under Section 8.5(a) hereof.

"**Intellectual Property**" means patents and pending patent applications, registered and unregistered trademarks, service marks, logos, copyrights, trade names and pending registrations and applications to register or renew the registration of any of the foregoing, computer software and other similar intellectual property rights material to the Company or any of its subsidiaries in connection with the conduct of their respective businesses.

"**Interim Financial Statements**" means the unaudited interim consolidated balance sheet at the Balance Sheet Date and the related statement of income of the Company and its subsidiaries for the seven month period then ended.

"**Knowledge**" of the Company, "**to the Company's knowledge**" or like words means the actual knowledge of C. Andrew Russell, Donald E. Rea, Jeffrey D. Kendall, Stephen J. McCarthy, James P. Gleason, Tom Manzke, Bryan Deming, David Beard, Brad Elliott, John

Hartings, Michael Stuart, Donald McCray, Leroy McCray, Derk E. Ball, Richard Dykstra, Tom Workman, Richard Vander Velde and Daniel Ransbottom.

"**LLC Interests**" has the meaning set forth in the recitals hereto.

"**Majority Members**" means Laurel Mountain Partners LLP, Van Poppel, Ltd., PNC Capital Corp. and PNC Venture Corp.

"**Material Adverse Effect**" with respect to any Person means any material adverse effect on the business results of operations or financial condition of such person and its subsidiaries.

"**Members**" has the meaning given to it in the recitals hereto.

"**Members' Representatives**" has the meaning given to it in Section 9.3(a) hereof.

"**Merger**" has the meaning given to it in the recitals hereto.

"**Merger Consideration**" has the meaning given to it in Section 2.6(a) hereof.

"**Multiemployer Plan**" has the meaning given to it in Section 3.19(b) hereof.

"**Net Working Capital**" means current assets (i.e., cash, accounts receivable-trade not outstanding for more than 60 days past the invoice date (net of reserves for bad debts), accounts receivable-other, inventory and prepaid expenses) less current liabilities (i.e., accounts payable-trade, accounts payable-other, payroll taxes payable, accrued liabilities (current portion) and unearned revenue). → but, excluding current portion of long term debt

"**Net Working Capital Merger Consideration Adjustment**" has the meaning given to it in Section 2.6(b)(ii) hereof.

"**Ownership Period**" means the period of time during which the Company owned an interest (directly or indirectly) in each particular subsidiary of the Company (with respect to matters relating to such particular subsidiary of the Company). For example, the "Ownership Period" for the Company shall begin on April 6, 1996 with respect to matters concerning the Company, on September 16, 1997 with respect to matters concerning Great Lakes Disposal Service, Inc. and on March 13, 1998 with respect to matters concerning General Refuse Rolloff, Corp.

"**PBGC**" has the meaning given to it in Section 3.19(b).

"**Permitted Encumbrances**" has the meaning given to it in Section 3.10(a) hereof.

"**Permits**" means all licenses, certificates of authority, permits, orders, consents, approvals, registrations, local siting approvals, authorizations, qualifications and filings under any federal, state or local laws or with any Governmental Entities.

"**Person**" means an individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization or other entity, or any governmental or quasi-governmental body or regulatory authority.

"**Pro Rata**" has the meaning given to it in Section 2.3(a) hereof.

"**Property**" means any Real Property and any personal or mixed property, whether tangible or intangible.

"**Real Property**" means any real property presently or formerly owned, used, leased, occupied, managed or operated by the Company or any of its subsidiaries.

"**Related Person**" has the meaning given to it in Section 3.5 hereof.

"**SEC**" has the meaning given to it in the recitals hereto.

"**SEC Documents**" has the meaning given to it in Section 4.5 hereof.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Seller Claimant**" has the meaning given to it in Section 8.3 hereof.

"**Special Escrow Agreement**" has the meaning given to it in Section 2.6(c) hereto.

"**Special Escrow Shares**" has the meaning given to it in Section 2.6(c) hereto.

"**Special Escrow Claim Termination Date**" means the second anniversary of the Closing Date.

"**Surviving LLC**" has the meaning given to it in the recitals hereto.

"**Tax Return**" means each and every report, return, declaration, information return, statement or other information required to be supplied to a taxing or governmental authority with respect to any Tax or Taxes, including without limitation any combined or consolidated return for any group of entities including the Company or any of its subsidiaries.

"**Taxes**" (or "**Tax**" where the context requires) shall mean all federal, state, county, provincial, local, foreign and other taxes (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital

levy, production, transfer, withholding, employment and payroll related and property taxes and other governmental charges and assessments), whether attributable to statutory or nonstatutory rules and whether or not measured in whole or in part by net income, and including without limitation interest, additions to tax or interest and charges and penalties with respect thereto.

"**Trigger Date**" has the meaning given to it in Section 9.4(a).

ARTICLE 2.
THE MERGER; MERGER CONSIDERATION

2.1 **The Merger.** Subject to the terms and conditions of this Agreement, Buyer and the Company agree to effect the Merger on the Closing Date in accordance with Section 264 of the Delaware General Corporation Law (the "**DGCL**") and Section 18-209 of the Delaware Limited Liability Company Act (the "**DLLCA**").

2.2 **Effective Time of the Merger.** Subject to the terms and conditions of this Agreement, a Certificate of Merger suitable for filing with the Secretary of State of Delaware in form required by law (the "**Certificate of Merger**"), will be duly prepared and executed by the Company, and, in connection with the Closing (as defined herein), will be delivered on the Closing Date to the Secretary of State of the State of Delaware for filing in such office as provided by law. The Merger shall become effective immediately upon the filing of the Certificate of Merger with the Secretary of State of Delaware (the "**Effective Time**").

2.3 **Conversion of LLC Interests.** As of the Effective Time, automatically by virtue of the Merger and without any action by or on the part of the Members (as the holders of all the outstanding Interests) or any other party, each Preferred Share, Special A Share and Special B Share (other than any Special A Share or Special B Share with respect to which a notice of redemption has been received by the Company prior to the Effective Time) shall be converted into Common Shares of the Company (as such terms are defined in First Amended and Restated Limited Liability Company Agreement of the Company dated as of March 13, 1998 (the "**Company LLC Agreement**")) on a one-for-one basis, and, immediately thereafter, all Common Shares of the Company shall be converted into the right to receive that number of shares of ADS Common Stock (or, if the closing occurs under the Allied Waste Merger Agreement prior to the Closing, shares of common stock of Allied Waste) equal to the result obtained by dividing the Merger Consideration by the ADS Average Common Stock Value, allocable among the Members in accordance with the percentages set forth on Schedule 2.3 to the Disclosure Schedule (such allocation among the Members being referred to herein as "**Pro Rata**"). The Members acknowledge and agree that they will receive shares of common stock of Allied Waste in lieu of shares of ADS Common Stock if the closing under the Allied Waste Merger Agreement occurs prior to the Closing.

2.4 **Conversion of American Acquisition Common Stock.** As of the Effective Time, all shares of American Acquisition Common Stock validly issued and outstanding prior to the

Effective Time shall be converted into a single limited liability company interest in the Surviving LLC.

2.5 Other Effects of Merger. As of the Effective Time, the Merger shall have the other effects specified in Section 259 of the DGCL and Section 18-209 of the DLLCA.

2.6 Merger Consideration.

(a) Amount. The aggregate value of the ADS Shares to be paid to the Members in consideration of the transactions contemplated hereby shall be $80,000,000, subject to adjustment pursuant to Section 2.6(b) (the "Merger Consideration"). Certificates representing the ADS Shares comprising the Merger Consideration, valued at the ADS Average Common Stock Value, shall be delivered by ADS to the Members or the Escrow Agent, as the case may be, at the Closing. No fractional interests of ADS Shares shall be issued at the Closing, and fractional interests shall be converted into cash at the ADS Average Common Stock Value and paid by ADS to the Members at Closing. No Member who has redeemed Special Shares (as defined in the Company LLC Agreement) held by him or it shall be entitled to any Merger Consideration hereunder.

(b) Adjustment.

(i) Debt Merger Consideration Adjustment. If the Company's Closing Debt exceeds $55,500,000, then the Merger Consideration shall be reduced by that number of shares of ADS Common Stock (the "Debt Merger Consideration Adjustment") (or, if the closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste) equal to (A) the excess of the Company's Closing Debt over $55,500,000, divided by (B) the ADS Average Common Stock Value. The Debt Merger Consideration Adjustment shall be allocated Pro Rata among the Members. Five business days prior to Closing, the Company, with such review by Buyer as Buyer deems necessary in its sole discretion, shall deliver to Buyer a certificate as to the estimated Company's Closing Debt, such certificate to be accompanied by a letter from Comerica Bank stating the outstanding balance due by the Company as of the date of such certificate. The Merger Consideration delivered at Closing shall be decreased, if necessary, by the estimated Debt Merger Consideration Adjustment determined based on the Company's Closing Debt stated in the certificate. The amount of Company's Closing Debt shall be finally determined by Buyer and the Members' Representatives within 30 days after Closing. ADS Shares representing any excess Merger Consideration delivered at the Closing shall be returned by the Escrow Agent to ADS from the General Escrow Shares, and the Members shall thereupon promptly deliver to the Escrow Agent, to hold in escrow pursuant to the General Escrow Agreement, a number of shares of ADS Common Stock equal to the number of shares so returned to ADS (or, if the Closing under the Allied Waste Merger Agreement has then occurred, a number of shares common stock of Allied Waste having a value, based on the ADS Average Common Stock Value, equal to such excess Merger Consideration). In the event that ADS shall not have delivered at the Closing a sufficient number of ADS Shares to equal the amount of the Merger Consideration (as adjusted by the amount of Company's Closing Debt as finally determined), ADS shall promptly deliver to the Members'

Representatives, for delivery to the Members Pro Rata, certificates representing 90% of the number of ADS Shares (or shares of Allied Waste common stock if closing under the Allied Waste Merger Agreement shall have occurred) necessary to make up the deficiency, and shall deliver the remaining 10% of such shares to the Escrow Agent to be held under terms of the General Escrow Agreement; provided, that fractional interests shall be converted into cash as provided above.

(ii) **Net Working Capital Merger Consideration Adjustment.** (A) Within 30 days following the date of the Closing, the Members' Representatives shall deliver to the Buyer, on behalf of the Members, a statement reflecting the combined Net Working Capital of the Company and its subsidiaries as of the close of business on the day prior to the date of the Closing. During such 30-day period, the Buyer shall grant, and shall cause the Company to grant, to the Members' Representatives and their representatives such access to the books and records of the Company and its subsidiaries as is reasonably necessary for the preparation by the Members' Representatives of such Net Working Capital statement.

(B) The aggregate value of the ADS Shares to be paid as Merger Consideration shall be adjusted upward on a dollar-for-dollar basis to the extent that the combined Net Working Capital of the Company is greater than $0. The aggregate value of the ADS Shares to be paid as Merger Consideration shall be adjusted downward on a dollar-for-dollar basis to the extent that the combined Net Working Capital of the Company is less than $0. Any such adjustment shall be made in the shares of ADS Common Stock (or, if the closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste), and is referred to herein as the "**Net Working Capital Merger Consideration Adjustment**". Any Net Working Capital Merger Consideration Adjustment shall be allocated Pro Rata among the Members.

(C) In the event of an upward Net Working Capital Merger Consideration Adjustment, the Buyer shall promptly deliver to the Member Representatives, for delivery to the Members Pro Rata, certificates representing 90% of the ADS Shares comprising the Net Working Capital Merger Consideration Adjustment, and shall deliver certificates representing 10% of the ADS Shares comprising the Net Working Capital Merger Consideration Adjustment to the Escrow Agent to be held under terms of the General Escrow Agreement; provided, that fractional interests shall be converted into cash as provided above. In the event of a downward Net Working Capital Merger Consideration Adjustment, ADS Shares representing any excess Merger Consideration delivered at the Closing shall be returned by the Escrow Agent to ADS from the General Escrow Shares, and the Members shall thereupon promptly deliver to the Escrow Agent, to hold in escrow pursuant to the General Escrow Agreement, a number of shares of ADS Common Stock equal to the number of shares so returned to ADS (or, if the Closing under the Allied Waste Merger Agreement has then occurred, a number of shares common stock of Allied Waste having a value, based on the ADS Average Common Stock Value, equal to such excess Merger Consideration); provided, that fractional interests shall be converted into cash as provided above.

(c) **General Escrow.** ADS shall deliver that number of ADS Shares representing 10% of the Merger Consideration (the "**General Escrow Shares**", which term shall also include

shares of common stock of Allied Waste received on conversion of those ADS Shares under the Allied Merger Agreement) to the trust division of a mutually agreeable independent financial institution ("**Escrow Agent**") as fiduciary to be held pursuant to the terms of an Escrow Agreement in the form to be mutually agreed by the parties (the "**General Escrow Agreement**") to provide ADS with a source from which to assess Claims provided in Section 8.2 hereof. If the amount of the Merger Consideration is decreased after the Closing pursuant to Section 2.6(b), the Escrow Agent shall be instructed to deliver to the Members' Representatives, for distribution to the Members Pro Rata, that number of General Escrow Shares equal to 10% of the amount of the Debt Merger Consideration Adjustment or downward Net Working Capital Merger Consideration Adjustment, as the case may be. On the date six months after the Closing Date, if the General Escrow Claim Termination Date has not then occurred, the Escrow Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, that number of General Escrow Shares, if any, equal to the excess of 5% of the Merger Consideration over the aggregate number of General Escrow Shares paid to Buyer Claimants out of the General Escrow Shares plus the aggregate amount of all Claims duly made by Buyer pursuant to Section 8.2 prior to that date. On the General Escrow Claim Termination Date, the Escrow Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, all remaining General Escrow Shares, minus the aggregate amount of all Claims duly made by Buyer against the General Escrow Shares pursuant to Section 8.2. Any General Escrow Shares which are subject to Claims duly made prior to the General Escrow Claim Termination Date shall remain in escrow after the General Escrow Claim Termination Date until the matter has been resolved by the parties hereto. The Escrow Agent shall be a stakeholder and not a party-in-interest with respect to the General Escrow Shares. Release of any General Escrow Shares from escrow shall require the mutual consent of ADS and the Members' Representatives. All Claims for General Escrow Shares in dispute shall be resolved by the parties in accordance with the procedures set forth in Section 9.4. All Claims pursuant to Section 8.2 shall be made solely against the General Escrow Shares and shall be assessed at the ADS Average Common Stock Value.

(d) **Special Escrow**. ADS shall deliver that number of ADS Shares equal to quotient obtained by dividing $3,450,000 by the ADS Average Common Stock Value (the "**Special Escrow Shares**", which term shall also include shares of common stock of Allied Waste received on conversion of those ADS Shares under the Allied Waste Merger Agreement) to the Escrow Agent as fiduciary to be held pursuant to the terms of an Escrow Agreement in the form to be mutually agreed by the parties (the "**Special Escrow Agreement**") to provide ADS with a source from which to assess Claims provided in Section 8.3 hereof. If any of the matters referred to in Schedule 8.3 of the Disclosure Schedule are resolved prior to the Special Escrow Claim Termination Date by final regulatory determination (to the extent required by law, regulation or regulatory guideline), resolution in a court (with regard to litigation matters), the advice of an independent third party consultant that all necessary remediation has been satisfactorily completed (with regard to matters other than litigation, if no regulatory determination is required) or agreement of the parties, the Escrow Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, the number of Special Escrow Shares referred to on such schedule that have not been applied to claims with regard to such matter. On the Special Escrow Claim Termination Date, the Escrow

Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, all remaining Special Escrow Shares, minus the aggregate amount of all Claims duly made by Buyer against the Special Escrow Shares pursuant to Section 8.3. Any Special Escrow Shares which are subject to Claims duly made prior to the Special Escrow Claim Termination Date shall remain in escrow after the Special Escrow Claim Termination Date until the matter has been resolved by the parties hereto. The Escrow Agent shall be a stakeholder and not a party-in-interest with respect to the Special Escrow Shares. Release of any Special Escrow Shares from escrow shall require the mutual consent of ADS and the Members' Representatives. All Claims for Special Escrow Shares in dispute shall be resolved by the parties in accordance with the procedures set forth in Section 9.4. All Claims pursuant to Section 8.3 shall be made solely against the Special Escrow Shares on a project-by-project basis (as identified on Schedule 8.3 of the Disclosure Schedule) and shall be assessed at the ADS Average Common Stock Value.

(e) **Registration.** All ADS Shares to be delivered pursuant to this Section shall at the Effective Time be registered under the Exchange Act and registered pursuant to an effective registration statement under the Securities Act and will be duly included for quotation under the NASDAQ National Market System.

(f) **Antidilution.** In the event that between the date of this Agreement and the Effective Time, the issued and outstanding ADS Shares shall have been changed into a different number of shares as a result of a stock split, reverse stock split, stock dividend, recapitalization, reclassification or other similar transaction with a record date within such period, the Merger Consideration determined pursuant to Section shall be adjusted proportionately.

2.7 Surviving LLC. Immediately after the Effective Time, the Surviving LLC shall be governed by the limited liability company agreement attached hereto as Exhibit 2.7(a), and the Company LLC Agreement shall terminate, and the individuals to be identified by Buyer prior to Closing shall be the Managers and Officers of the Surviving LLC.

2.8 The Closing. The Closing shall take place at 10:00 a.m. local time, on the Closing Date, at the offices of Seller's Counsel, or at such other time, date or place as the parties may mutually agree, subject to the satisfaction or waiver of all of the conditions to the Closing set forth in Article 7 hereof.

2.9 Obligations of the Members. At or prior to the Closing, the Company shall deliver or cause to be delivered to Buyer the following:

(a) The certificates, legal opinion and other documents required by Section 7.1 hereof.

(b) Appropriate receipts.

(c) All other documents, instruments and writings required to be delivered by the Members at or prior to the Closing Date pursuant to this Agreement.

2.10 Obligations of Buyer. At or prior to the Closing, Buyer shall deliver or cause to be delivered to the Members (or, in the case of clause (a), the Escrow Agent) the following:

(a) Certificates for ADS Shares representing the Merger Consideration in such amounts provided by Article 2 hereof, registered in the name of the Person to receive such ADS Shares (including the Escrow Agent with regard to General Escrow Shares and Special Escrow Shares).

(b) The certificates, legal opinion and other documents required by Section 7.2 hereof.

(c) Appropriate receipts.

(d) All other documents, instruments and writings required to be delivered by Buyer at or prior to the Closing Date pursuant to this Agreement.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE MEMBERS

The Company represents and warrants to Buyer, and each Member a party hereto severally represents and warrants to Buyer, as follows (all such representations and warranties are qualified by the Disclosure Schedules attached to this Agreement):

3.1 Organization and Qualification. Each of the Company and its subsidiaries is an entity duly organized, validly existing and in good standing under the laws of the state of its organization (each such jurisdiction is set forth in Schedule 3.1 of the Disclosure Schedule), with full power and authority to own, lease and operate its assets and properties and carry on its business. Each of the Company and its subsidiaries is licensed or qualified to transact business and is in good standing as a foreign limited liability company or corporation in each jurisdiction in which, because of its business conducted there, or the nature of its assets or Properties there, it would be required to be so licensed or qualified, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Each such jurisdiction is set forth in Schedule 3.1 of the Disclosure Schedule. The complete original limited liability company agreements or certificates and operating agreements of the Company and those of its subsidiaries that are limited liability companies, and the complete articles or certificate of incorporation and by-laws of those subsidiaries of the Company that are corporations, including in each case all amendments thereto, have been made available to Buyer.

3.2 Authority; No Breach.

(a) Each of the Members a party hereto and the Company has all requisite power and authority to execute and deliver this Agreement and to perform his or its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of each of the Members a party hereto and the Company. This Agreement has been duly executed and delivered by each of the Members a party hereto and the Company, and constitutes the legal, valid and binding obligation of each of the Members a party hereto and the Company, enforceable against such party in accordance with its terms except that (i) the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Except as set forth in Schedule 3.2 of the Disclosure Schedule, neither the execution and delivery of this Agreement by the Members a party hereto and the Company nor the consummation of the other transactions contemplated herein, nor the full performance by the Members a party hereto and the Company of their obligations hereunder do or will: (i) violate any provision of the limited liability company agreements or certificate or operating agreements of the Company or those of its subsidiaries that are limited liability companies or the articles or certificate of incorporation or by-laws of those of the Company's subsidiaries that are corporations; (ii) result in a breach of, or constitute a default under (with or without notice, lapse of time or both) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or contract to which the Company or any of its subsidiaries is a party or by which any of them (or any of their respective assets or Properties) is subject or bound; (iii) result in the creation of, or with the passage of time result in the creation of, any Encumbrance upon the LLC Interests or any assets or Properties of the Company or any of its subsidiaries; (iv) violate any writ or injunction to which the Company or its subsidiaries are subject or any applicable statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity; (v) terminate or modify or give any third party the right to terminate or modify the terms of any material contract or agreement to which the Company or any of its subsidiaries is a party or by which it or any of its assets or Properties is subject or bound; or (vi) require any of the Company, any Majority Member or its subsidiaries to obtain any Consent, except as may be required under the HSR Act, which, in the cases of clauses (ii), (iii), (iv) or (v) above, would have a Material Adverse Effect with respect to the Company.

3.3 Securities and Ownership.

(a) The identity and percentage ownership of each of the record holders of LLC Interests are set forth on Schedule 3.3 of the Disclosure Schedule, and no other limited liability company interests or ownership interests in the Company are authorized or outstanding. Schedule 3.3 of the Disclosure Schedule sets forth (i) the total number of shares of capital stock, and the classes and par values thereof, that each of the Company's subsidiaries that is a corporation is authorized to issue; (ii) the designation and amount of limited liability company interests that each of the Company's subsidiaries that is a limited liability company is authorized to have outstanding;

and (iii) the designation and amount of shares and limited liability company interests that are issued and outstanding, the identity of the record owners thereof and the amount of shares and limited liability company interests that each owns. No other shares of any other class or series of capital stock or limited liability company interests or other ownership interests are issued and outstanding. Schedule 3.3 of the Disclosure Schedule sets forth a complete and correct list of all LLC Interests which are redeemable at the option of the holder prior to or simultaneously with the Closing.

(b) None of the Company or its subsidiaries has issued any securities, limited liability company interests or other ownership interests in violation of any preemptive or similar rights and, except as disclosed on Schedule 3.3 or 3.12 of the Disclosure Schedule, there are no outstanding (i) securities or other ownership interests convertible into or exchangeable for any shares of capital stock or other securities or ownership interests of any of the Company or its subsidiaries; (ii) subscriptions, options, warrants, calls, commitments, preemptive rights or other rights of any kind (absolute, contingent or otherwise) entitling any third party to acquire or otherwise receive from any of the Company or its subsidiaries any shares of capital stock or other securities or ownership interests; or (iii) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance of any capital stock or ownership interests of any of the Company or its subsidiaries, any such convertible or exchangeable securities, or any such subscriptions, options, warrants or rights. There are no shares of stock or other securities, limited liability company interests or other ownership interests of the Company or its subsidiaries reserved for issuance for any purpose.

(c) All outstanding shares of capital stock of the Company's subsidiaries that are corporations have been duly authorized and validly issued and are fully paid and nonassessable.

(d) Except as set forth in Schedule 3.3 of the Disclosure Schedule, none of the Company or any of its subsidiaries owns, directly or indirectly, any economic, voting or other ownership interest in any other Person.

3.4 Financial Statements. Except as set forth in Schedule 3.4 of the Disclosure Schedule, the Financial Statements were prepared in accordance with the books of account and financial records of the Company and its subsidiaries, and present fairly in all material respects the consolidated financial position, results of operations, changes in retained earnings and cash flows of the Company and its subsidiaries as of the dates and for the periods covered thereby, in each case in accordance with GAAP (except, in the case of interim financial statements, for customary year-end adjustments and for the absence of footnotes). The accounting books and records of the Company and its subsidiaries are accurate and complete in all material respects.

3.5 Interests of Related Persons. Except as set forth in Schedule 3.5 of the Disclosure Schedule and except for agreements among the Company and its subsidiaries or among subsidiaries of the Company, no Member, officer, director, relative or Affiliate of the Company, any of its subsidiaries or any Member (collectively, the "**Related Persons**"):

(a) owns any interest in any Person which is a competitor, supplier or customer of the Company or any of its subsidiaries (other than less than 5% of interests in publicly-traded companies);

(b) owns, in whole or in part, any Property, asset or right, used in connection with the business of any of the Company or any of its subsidiaries;

(c) has an interest in any contract or agreement pertaining to the business of the Company or any of its subsidiaries; or

(d) has any contractual arrangements with the Company or any of its subsidiaries.

3.6 **Absence of Undisclosed Liabilities.** Except as disclosed on Schedule 3.6 of the Disclosure Schedule, none of the Company or its subsidiaries has any direct or indirect liabilities, losses or obligations of any nature, whether absolute, accrued, contingent or otherwise, that would be required to be reflected on a balance sheet or the notes thereto prepared in accordance with GAAP other than (i) liabilities reflected, accrued or reserved for in the Financial Statements; (ii) liabilities disclosed in the Disclosure Schedule; (iii) liabilities incurred in the ordinary course of business subsequent to the Balance Sheet Date and not inconsistent with past practice; (iv) liabilities or performance obligations arising in the ordinary course of business (and not as a result of a breach or default by the Company or any of its subsidiaries) out of or under agreements, contracts, leases, arrangements or commitments to which the Company or any of its subsidiaries was a party as of the Balance Sheet Date; or (v) liabilities under this Agreement. Neither the Company nor any Majority Member knows of any facts that would reasonably indicate that it is likely there will be asserted against the Company or any of its subsidiaries any material liability described in this Section not otherwise disclosed in the Disclosure Schedules.

3.7 **Absence of Certain Changes or Events.** Except as set forth in Schedule 3.7 of the Disclosure Schedule or as otherwise provided herein, since the Balance Sheet Date the business of each of the Company and its subsidiaries has been conducted only in the ordinary course and consistent with past practice. Except as set forth in Schedule 3.7 of the Disclosure Schedule or as otherwise provided herein, and except as incurred in the ordinary course of business and consistent with past practice, since the Balance Sheet Date none of the Company or its subsidiaries has:

(a) suffered any material adverse change in its business, earnings, operations, assets, Properties, condition (financial or otherwise), results of operations, or Permits;

(b) suffered any material damage, destruction or casualty loss (whether or not covered by insurance);

(c) (i) granted any increase in the rate or terms of compensation payable or to become payable to any of its directors, officers or key employees, except increases occurring in the ordinary course of business in accordance with its customary practices, or

(ii) amended or granted any increase in the rate or terms of any Employee Benefit Plan payment or arrangement;

(d) entered into any material agreement except agreements in the ordinary course of business, or any employment or severance agreement;

(e) made any change in its accounting methods, principles or practices;

(f) authorized, declared, set aside or paid any dividend or other distribution;

(g) directly or indirectly redeemed, purchased or otherwise acquired any of its shares of capital stock or limited liability company interests, as the case may be, or authorized any stock split or limited liability company interest split, as the case may be, or recapitalization, except, to the extent included in the Company's Closing Debt, for redemptions after the date hereof and repurchases after the date hereof by the Company from employees of unvested Common Shares upon the termination of employment pursuant to the Company's Equity Incentive Plan;

(h) borrowed or agreed to borrow any funds in excess of $50,000, or incurred, assumed or become subject to, whether directly or by way of guarantee or otherwise, any liabilities or obligations in excess of $50,000, except as contemplated by Section 5.1(vii);

(i) paid, discharged or satisfied any claim, liability or obligation in excess of $50,000, other than the payment, discharge or satisfaction of liabilities and obligations incurred in the ordinary course of business and consistent with past practice;

(j) (i) prepaid any obligation having a fixed maturity of more than 90 days from the date such obligation was issued or incurred, or

(ii) not paid, within a reasonable date of when due, consistent with past practice, any accounts payable in excess of $50,000 in the aggregate, or sought the extension of the payment date of any accounts payable in excess of $50,000 in the aggregate;

(k) permitted or allowed any of its Property or assets to be subjected to any Encumbrance, except for liens for Permitted Encumbrances and Encumbrances described on Schedules 3.9(a) and 3.9(b) of the Disclosure Schedule;

(l) written off as uncollectible any notes or accounts receivable in excess of $50,000;

(m) canceled any debts or waived any claims or rights in excess of $50,000 other than in the ordinary course of business;

(n) sold, transferred or otherwise disposed of any of its Properties or assets having a value in excess of $50,000 in the aggregate, except in the ordinary course of business and consistent with past practice;

(o) disposed of, abandoned or permitted to lapse any rights to the use of any Intellectual Property used in the conduct of its business, or disposed of or disclosed, or permitted to be disclosed (except as necessary in the conduct of its business), to any Person other than representatives of Buyer, any trade secret, formula, process, know-how or similar information not theretofore a matter of public knowledge;

(p) made any capital expenditures or commitments in excess of $50,000 in the aggregate for repairs or additions to property, plant, equipment or tangible capital assets; or

(q) agreed, whether in writing or otherwise, to take any action described in this Section 3.7.

3.8 Taxes.

(a) None of the Company or any of its subsidiaries that is a limited liability company has elected to be treated as an association taxable as a corporation under applicable law. Each of the Company's subsidiaries that is a corporation is a C corporation within the meaning of Section 1361(a)(2) of the Code. Each of the Company and its subsidiaries has duly, timely and properly filed when due, any federal, state, local and other Income Tax Returns and all other material Tax Returns required to be filed by it with respect to its sales, income, business or operations (including without limitation any consolidated or combined Tax Returns in which it is included), and such Tax Returns are true, complete and accurate in all material respects. Each of the Company and its subsidiaries has duly paid all Taxes due from them. True and complete copies of all of such Tax Returns for the past three fiscal years have been previously provided to Buyer.

(b) All amounts required to be withheld by the Company or any of its subsidiaries from or on behalf of employees for income, social security and unemployment insurance taxes have been collected or withheld and either paid to the appropriate governmental agency or set aside and, to the extent required by law, held in accounts for such purpose.

(c) Except as set forth in Schedule 3.8 of the Disclosure Schedule, there are no pending or threatened actions or proceedings by any applicable taxing authority for the assessment, collection, adjustment or examination of Taxes against the Company or any of its subsidiaries. Except as set forth in Schedule 3.8 of the Disclosure Schedule, there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any assessment or audit of any Tax or Tax Return of the Company or any of its subsidiaries for any period. The Tax Returns of the Company and its subsidiaries have not been examined by any applicable taxing authority.

(d) No consent has been filed under Section 341(f) of the Code with respect to any subsidiary of the Company. Neither the Company nor any subsidiary has entered into any

closing agreement or changed its accounting methodology in a manner that could result in the payment of taxes after Closing with regard to income earned prior to Closing.

(e) None of the Company or any of its subsidiaries is a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(f) None of the Company or any of its subsidiaries is required to include in income any amount in respect of any deferred gain or loss arising from deferred intercompany transactions (as described in Section 1.1502-13 of the Income Tax Regulations), or with respect to the stock or obligations of any other corporation (as described in Section 1.1502-14 of the Income Tax Regulations). None of the Company or any of its subsidiaries has any liability or obligation to make any payment to any taxing authority or to Members or their Affiliates on account of Taxes for any period ending on or prior to the Closing Date, due to several liability imposed under Section 1.1502-6 of the Income Tax Regulations or any similar provision of state or local laws or the provision of any Tax sharing agreements. None of the Company or any of its subsidiaries is a party to any Tax sharing agreements.

3.9 Assets.

(a) As of the Closing, the Company and its subsidiaries will have good and valid title to all the personal property assets (tangible and intangible) which the Company and its subsidiaries purport to own on the date hereof (other than any assets disposed of in the ordinary course of business) free and clear of all Encumbrances, except for the following: (i) liens for current Taxes, assessments and governmental charges not yet due and payable or being contested in good faith ("**Permitted Encumbrances**"); (ii) Encumbrances set forth in Schedule 3.9(a) of the Disclosure Schedule; and (iii) liens, imperfections of title and easements which do not, either individually or in the aggregate, materially detract from the value of, or interfere with the present use of, the personal property assets being conveyed pursuant to this Agreement.

(b) Schedule 3.9(b) of the Disclosure Schedule contains a complete and correct list of all Real Property owned by the Company or any of its subsidiaries as well as a list of any options to acquire any Real Property held by the Company or any of its subsidiaries. The Company and its subsidiaries have good and marketable title to all such owned Real Property, free and clear of all Encumbrances except for Permitted Encumbrances and Encumbrances set forth in Schedule 3.9(b) of the Disclosure Schedule.

(c) Schedule 3.9(c) of the Disclosure Schedule contains a complete and correct list of all Real Property leased by the Company or any of its subsidiaries. Each of the Company and its subsidiaries enjoys peaceful possession of all such property. The Members have previously delivered to Buyer true, complete and correct copies of all lease documents relating to such property. Except as disclosed on Schedule 3.9 of the Disclosure Schedule, all lease documents are valid, binding and enforceable against the Company and its subsidiaries in accordance with their terms and, to the Company's knowledge, are in full force and effect. All material work required to be done by

the Company or any of its subsidiaries as a tenant on such Real Property has been duly performed. To the Company's knowledge, no event has occurred which constitutes or, with the passing of time or giving of notice, or both, would constitute, a material default by the Company or any of its subsidiaries under any such lease document.

(d) No Real Property owned or leased by the Company or any of its subsidiaries is subject to any rights of way, building use restrictions, easements, reservations or limitations which would restrict the Company or any of its subsidiaries from conducting its business after the Closing in substantially the manner conducted as of the date hereof. Neither the whole nor any portion of the Real Property, leaseholds or any other assets of the Company or any of its subsidiaries is subject to any governmental decree or order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefor, nor to the knowledge of the Members or the Company has any such condemnation, expropriation or taking been proposed.

(e) Schedule 3.9(e) of the Disclosure Schedule contains a substantially complete and correct list with respect to each of the Company and its subsidiaries of (i) to the Company's knowledge, the number and size of containers, stationary compactors and other equipment which is owned or leased by the Company and its subsidiaries, and (ii) the number of vehicles owned or leased in the business of the Company and its subsidiaries together with information as to the make, description of body and chassis, model and serial number, and year of each such vehicle.

(f) The tangible assets of the Company and its subsidiaries which are in service and necessary to the operation of the business are in working order as of the date of this Agreement, considering the age and normal wear and tear of such assets. All material assets used by the Company and its subsidiaries in their business are owned or leased by the Company or its subsidiaries.

3.10 Intellectual Property. Schedule 3.10 of the Disclosure Schedule contains an accurate and complete summary of (a) all material Intellectual Property owned by Company and its subsidiaries and (b) all material licenses of Intellectual Property to or from the Company or any of its subsidiaries and contracts or agreements pertaining to such licenses. The rights of the Company and its subsidiaries in and to such Intellectual Property and licenses are sufficient to permit the Company and its subsidiaries to conduct their respective businesses in all material respects as presently conducted. No claims of infringement of any third party's Intellectual Property rights have been alleged in writing against the Company and the Company has not asserted any claims against third parties regarding the infringement of the Company's Intellectual Property Rights.

3.11 Accounts Receivable. Except as provided on Schedule 3.11 of the Disclosure Schedule, all the accounts receivable of Company and its subsidiaries, net of the reserve for doubtful accounts, (i) reflected on the Financial Statements as of the Balance Sheet Date and (ii) as of the date hereof, represent sales actually made in the ordinary course of business for goods or services delivered or rendered in bona fide arm's-length transactions, have not been extended or rolled over

in order to make them current, and are not subject to counterclaims or setoffs and constitute only valid, undisputed claims.

3.12 Contracts and Commitments. Except as set forth in Schedule 3.12 of the Disclosure Schedule:

(a) none of the Company or any of its subsidiaries has any agreements, contracts or commitments, written or oral (including, without limitation, letters of intent), which either individually or in conjunction with other agreements, contracts or commitments with the same party and in connection with the same matter, are material (which is defined, for purposes of this Section only, as involving the making or receipt of payments that exceed two percent (2%) of the monthly revenues of the Company and its subsidiaries) to the business, operations or prospects of the Company and its subsidiaries;

(b) no purchase contract is in excess of the normal, ordinary and usual requirements of the business of the Company and its subsidiaries;

(c) to the Company's knowledge, no contract or bid is anticipated to result in any loss to the Company or any of its subsidiaries upon completion or performance thereof, no contract or bid requires disposal at a designated solid waste facility and no contract or bid is at prices materially above or below the usual prices of the Company and its subsidiaries for the same or similar products or services;

(d) none of the Company or any of its subsidiaries has outstanding contracts, agreements or arrangements (i) providing for the payment of any bonus or commission based on sales or earnings or (ii) with any Related Person;

(e) none of the Company or any of its subsidiaries has (i) employment bonus agreements, (ii) employee non-competition agreements, or (iii) other agreements that contain any severance or termination pay liabilities or obligations;

(f) none of the Company or any of its subsidiaries has collective bargaining or union contracts or agreements;

(g) none of the Company or any of its subsidiaries is in material breach or default, under any material contract, agreement, commitment or restriction (whether written or oral) to which any of them is a party or by which any of them or any of their assets is bound and there exists no event or condition which (whether with or without notice, lapse of time, or both) would constitute a default thereunder, give rise to a right to accelerate or terminate any provision thereof or give rise to any Encumbrance on the Property or assets of the Company or any of its subsidiaries; to the knowledge of the Company, no other party to any such contract, agreement or commitment is in breach or default thereof; and neither the Company nor any Majority Member knows of any facts that would reasonably indicate that such a default has occurred or is likely to occur.

(h) none of the Company or any of its subsidiaries employs nor does any of them have any obligation to, any non-hourly employee or consultant receiving compensation at the annual rate of more than $50,000 for services rendered;

(i) none of the Company or any of its subsidiaries is restricted by any agreement or other commitment from carrying on its business as currently conducted anywhere in the world;

(j) none of the Company or any of its subsidiaries has any debt obligations for borrowed money;

(k) none of the Company or any of its subsidiaries has any outstanding loans to any Person (other than travel and entertainment advances to employees in the ordinary course of business not exceeding $2,500 in the aggregate);

(l) none of the Company or any of its subsidiaries has powers of attorney outstanding or any obligations or liabilities as guarantor, surety, cosigner, endorser, co-maker, indemnitor or otherwise in respect of the obligation of any other Person;

(m) none of the Company or any of its subsidiaries is a party to any partnership or joint venture agreement whether or not a separate legal entity is created thereby;

(n) each contract and agreement referred to in Schedule 3.12 of the Disclosure Schedule is valid and in full force and effect and will not cease to be valid and in full force and effect after the Closing Date solely by reason of the Merger.

3.13 **Customers and Suppliers**. Except as set forth on Schedule 3.13 of the Disclosure Schedule:

(a) During the Ownership Period, no material customer or supplier (which is defined for purposes of this Section only as providing $50,000 annually of revenue, goods or services) has canceled or otherwise terminated such relationship.

(b) The Company and its subsidiaries are not engaged in any material disputes with any material customer or supplier (which is defined for purposes of this Section only as providing $50,000 annually of revenue, goods or services). Neither the Company nor any Majority Member has received any information that reasonably indicates, or any threat that the Company or such Majority Member reasonably believes is credible, that would lead the Company or such Majority Member to believe that any material customer or supplier of the Company or its subsidiaries presently intends to discontinue or modify its relationship with the Company or its subsidiaries after the Closing solely as a result of the Merger.

3.14 **Insurance**. Schedule 3.14 of the Disclosure Schedule contains a true and complete list of all insurance policies covering the Company or any of its subsidiaries or otherwise held by or on behalf of them, or covering any aspect of their assets or business, indicating the type of

coverage, name of insured, the insurer, the amount of coverage, the deductibles, the premium and the expiration date thereof and the aggregate amounts paid thereunder. Schedule 3.14 of the Disclosure Schedule lists any pending claims under any of the foregoing. The Company has no knowledge of any reason why any of such insurance policies will be terminated, suspended, modified or amended, or not renewed on substantially identical terms (including without limitation premium costs), or will require alteration of any equipment or any improvements to Real Property occupied by or leased to or by the Company or any of its subsidiaries, or the purchase of additional equipment, or the modification of any of the methods of doing business.

3.15 Litigation, Etc. Except as set forth on Schedule 3.15 of the Disclosure Schedule, there has not been during the Ownership Period, nor is there as of the date hereof, any claim, action, suit, proceeding or, to the knowledge of the Company, investigation of any kind or nature whatsoever, by or before any court or governmental or other regulatory or administrative agency or commission or tribunal pending or, to the knowledge of the Members or the Company, threatened against the Company or any of its subsidiaries or their business, Properties, officers or directors, or which questions or challenges the validity of this Agreement or any action taken or to be taken by the Members or the Company pursuant to this Agreement or in connection with the transactions contemplated hereby which would have a Material Adverse Effect or a material adverse effect on the ability of the Members or the Company to consummate the transactions contemplated hereby; and neither the Company nor the Majority Members know of any facts that would reasonably indicate that any of the foregoing is likely to occur. None of the Company or any of its subsidiaries is subject to any judgment, order or decree (that has not been satisfied or complied with) which may have a Material Adverse Effect.

3.16 Compliance with Law; Necessary Authorizations.

(a) Each of the Company and its subsidiaries is duly complying and has during the Ownership Period duly complied, in all material respects, in respect of its business, operations and Properties, with all applicable laws, rules, regulations, orders, building and other codes, zoning and other ordinances, Permits, authorizations, judgments and decrees of all Governmental Entities. Except as set forth on Schedule 3.16(a) of the Disclosure Schedule, the Company has no knowledge of any present or past (during the Ownership Period) failure so to comply or of any past or present events, activities or practices of the Company or its subsidiaries which may be construed to indicate interference with or prevention of continued compliance, in any material respect, with any laws, rules or regulations or which may give rise to any common law or statutory liability, or otherwise form the basis of any material claim, action, suit, proceeding, hearing or investigation against the Company or its subsidiaries.

(b) Each of the Company and its subsidiaries has duly obtained all Permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of its business; each of the foregoing is set forth in Schedule 3.16(b) of the Disclosure Schedule and is in full force and effect; there are no proceedings pending or, to the knowledge of the Members and the Company, threatened which may result in the revocation,

cancellation, suspension or modification thereof; and the consummation of the transactions contemplated hereby will not result in any such revocation, cancellation, suspension or modification.

3.17 **Environmental Matters.** Except as disclosed on Schedule 3.17 of the Disclosure Schedule:

(a) To the Company's knowledge, during the Ownership Period, all the operations of the Company and its subsidiaries comply in all material respects with all applicable Environmental Laws and, to the Company's knowledge, none of the Company or any of its subsidiaries is subject to any material Environmental Liabilities. Except as set forth in Schedule 3.17 of the Disclosure Schedule, to the knowledge of the Company, none of the Company or any of its subsidiaries or any other Person has during the Ownership Period, engaged in, authorized, allowed or suffered any operations or activities upon any of the Real Property for the purpose of or in any way involving the handling, manufacture, treatment, processing, storage, use, generation, release, discharge, emission, dumping or disposal of any Hazardous Substances at, on or under the Real Property, except in material compliance with all applicable Environmental Laws. Schedule 3.17 of the Disclosure Schedule contains a complete and accurate list of all locations (identified by address, owner/operator, type of facility, type and form of waste, and period of time the facility was used) to which the Company or any of its subsidiaries has during the Ownership Period, transported, or caused to be transported, allowed or arranged for any third party to transport, any type of Hazardous Substances.

(b) To the knowledge of the Company, during the Ownership Period, none of the Real Property or any assets of the Company or any of its subsidiaries contains any Hazardous Substances in, on, over, under or at it in concentrations or amounts which would violate Environmental Laws in any material respect or impose liability or obligations on the Company or any of its subsidiaries. None of the Real Property is listed or proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., or any similar inventory of sites requiring investigation or remediation maintained by any state. None of the Company or any of its subsidiaries have received during the Ownership Period, any written or oral notice from any Governmental Entity or third party of any actual or threatened Environmental Liabilities with respect to the Real Property, any assets of the Company or any of its subsidiaries or the conduct of the business of the Company or any of its subsidiaries.

(c) There are no underground storage tanks or Hazardous Substances (other than unregulated quantities of Hazardous Substances stored and maintained in accordance and compliance with all applicable Environmental Laws for use in the ordinary course of business of the Company and its subsidiaries) in, on, over, under or at any presently owned, leased, managed or operated Real Property.

(d) To the Company's knowledge, there are no conditions existing at any Real Property or with respect to any other assets of the Company and its subsidiaries that require, or

which with the giving of notice or the passage of time or both may require, monitoring, assessment, investigation, remedial or corrective action costing more than $15,000 in the aggregate, or removal or closure pursuant to the Environmental Laws.

(e) The Company and its subsidiaries have provided or have made available to the Buyer all environmental reports, assessments, audits, studies, investigations, data and other written environmental information in their custody, possession or control concerning their assets and the Real Property.

(f) Except as set forth in Schedule 3.17(f) of the Disclosure Schedule, the Company and its subsidiaries have not during the Ownership Period, or at the time of the acquisition of businesses or assets by the Company or one of its subsidiaries, contractually, or by operation of law, by the Environmental Laws, by common law or otherwise assumed or succeeded to any Environmental Liabilities of any predecessors or any other Person. Schedule 3.17(f) of the Disclosure Schedule also sets forth all environmental liabilities disclosed to the Company or any of its subsidiaries under business acquisition agreements.

(g) The Company and its subsidiaries have not during the Ownership Period, engaged in any manner or respect in any application of any oil or Hazardous Substances on roads or for dust control or paving purposes.

3.18 **Labor Difficulties**. Except to the extent set forth in Schedule 3.18 of the Disclosure Schedule:

(a) there is no labor strike or dispute, grievance, arbitration proceeding, slowdown or stoppage, or charge of unfair labor practice actually pending, threatened against or affecting the Company or any of its subsidiaries;

(b) none of the Company or any of its subsidiaries has, during the Ownership Period, experienced any work stoppage or other labor dispute including, without limitation, the filing of an unfair labor practice complaint against it;

(c) there are no charges or complaints of discrimination pending before the Equal Employment Opportunity Commission or any state or local agency with respect to the Company or any of its subsidiaries;

(d) no union or collective bargaining agreement which is binding on the Company or any of its subsidiaries restricts any of them from relocating or closing any operations; and

(e) no unions or other collective bargaining units have been certified or recognized by the Company or any of its subsidiaries as representing any of its employees and there are no existing union organizing efforts or representation questions with respect to any of the employees of the Company or any of its subsidiaries.

3.19 Employee Benefit Plans.

(a) Schedule 3.19 of the Disclosure Schedule contains a true and complete list of all Employee Benefit Plans. With respect to each Employee Benefit Plan, copies, if applicable, of the documents embodying or relating to the Employee Benefit Plan, including, without limitation, the Employee Benefit Plan document(s), all amendments thereto, related trust or funding agreements, insurance contracts, written summaries of any unwritten Employee Benefit Plan and summary plan descriptions, annual reports and each communication received by or furnished to the Company or any ERISA Affiliate from any governmental authority have been made available to Buyer.

(b) Except with regard to the Multiemployer Plans (as defined herein) disclosed on Schedule 3.19 of the Disclosure Schedule, none of the Company, ERISA Affiliates, or any of their respective predecessors has during the last 6 years contributed to, contributes to, has been required to contribute to, or otherwise participated in or participates in or in any way, directly or indirectly, has any liability with respect to: (i) any "multiemployer plan" (within the meaning of Sections (3)(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code) ("**Multiemployer Plan**"), (ii) any "pension plan" (within the meaning of Section 3(2) of ERISA), or (iii) any plan intended to qualify under Section 401(a) of the Code. With respect to each Multiemployer Plan on Schedule 3.19 of the Disclosure Schedule: (i) other than with regard to the obligation to pay contributions to a Multiemployer Plan in the ordinary course, none of the Company, any ERISA Affiliate, or their predecessors has incurred or has any reason to believe it has incurred or will incur any liability of any kind (including, without limitation, withdrawal liability (whether actual or contingent), liabilities for excise taxes, liabilities for contributions and liabilities to the Pension Benefit Guaranty Corporation (the "**PBGC**")); (ii) the Company and each ERISA Affiliate have timely made any required contributions or payments to any Multiemployer Plan; and (iii) if the Company or any ERISA Affiliate were to have a complete or partial withdrawal as of the Closing, no obligation to pay withdrawal liability would exist on the part of the Company or any ERISA Affiliate with respect to any of the Multiemployer Plans.

(c) With respect to each of the Employee Benefit Plans on Schedule 3.19 of the Disclosure Schedule, other than the Multiemployer Plans as to which the following statements are made to the Company's knowledge: (i) all payments required by any Employee Benefit Plan, any collective bargaining agreement or other agreement, or by law with respect to all periods for the 6 years preceding the date of the Closing shall have been made prior to the Closing; (ii) no claim, lawsuit, arbitration or other action has been threatened, asserted, instituted, or anticipated against the Employee Benefit Plans (other than non-material routine claims for benefits, and appeals of such claims), any trustee or fiduciaries thereof, the Company, any ERISA Affiliate, any director, officer, or employee thereof, or any of the assets of any trust of the Employee Benefit Plans; (iii) the Employee Benefit Plan complies and has been maintained and operated in accordance with its terms and applicable law, including, without limitation, ERISA and the Code; (iv) no "prohibited transaction," within the meaning of Section 4975 of the Code and Section 406 of ERISA, has occurred or is expected to occur with respect to the Employee Benefit Plan; (v) no Employee Benefit Plan is or expected to be under audit or investigation by the IRS, DOL, or any other governmental

authority and no such completed audit, if any, has resulted in the imposition of any tax or penalty; and (vi) with respect to each Employee Benefit Plan that is funded mostly or partially through an insurance policy, neither the Company nor any ERISA Affiliate has any liability in the nature of retroactive rate adjustment, loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events occurring on or before the Closing.

(d) Except as set forth in the agreements specifically listed in Schedule 3.12 of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not give rise to any liability, including, without limitation, liability for severance pay, unemployment compensation, termination pay, or withdrawal liability, or accelerate the time of payment or vesting or increase the amount of compensation or benefits due to any employee, director, shareholder, or partner of the Company (whether current, former, or retired) or their beneficiaries solely by reason of such transactions. No amounts payable under any Plan will fail to be deductible for federal income tax purposes by virtue of Sections 280G of the Code.

(e) Neither the Company nor any ERISA Affiliate maintains, contributes to, or in any way provides for any benefits of any kind whatsoever (other than under Section 4980B of the Code, the Federal Social Security Act, or a plan qualified under Section 401(a) of the Code) to any current or future retiree or terminee. Neither the Company nor any ERISA Affiliate, or any officer or employee thereof, has made any promises or commitments, whether legally binding or not, to create any additional plan, agreement, or arrangement, or to modify or change any existing Employee Benefit Plan. No event, condition, or circumstance exists that would prevent the amendment or termination of any Employee Benefit Plan.

3.20 Questionable Payments. To the knowledge of the Company and the Majority Members, none of the Company, its subsidiaries or any Member, director, officer, agent, employee, or any other Person acting on behalf of the Company or any of its subsidiaries, has, directly or indirectly, during the Ownership Period used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses; made any unlawful payment to government officials or employees or to political parties or campaigns; established or maintained any unlawful fund of corporate monies or other assets; made or received any bribe, or any unlawful rebate, payoff, influence payment, kickback or other payment; given any favor or gift which is not deductible for federal income tax purposes; or made any bribe, kickback, or other payment of a similar or comparable nature, to any governmental or non-governmental Person, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions, or to pay for favorable treatment for business or for special concessions secured.

3.21 Finders. Except as set forth in Section 3.21 of the Disclosure Schedule, none of the Members, the Company or any of its subsidiaries or any of their respective directors or officers has taken any action that, directly or indirectly, would obligate Buyer, the Company or ADS to anyone acting as broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

3.22 Bank Accounts. Schedule 3.22 of the Disclosure Schedule contains a true and complete list of (a) the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Company or any of its subsidiaries has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship; (b) a true and complete list and description of each such account, box and relationship; and (c) the name of every Person authorized to draw thereon or having access thereto.

3.23 Pooling-of-Interests; Taxable Transaction. None of the Members, the Company, its subsidiaries, or, to their knowledge, any of their Affiliates has taken or agreed or intends to take any action or has any knowledge of any fact or circumstance that would prevent the Merger from being treated for financial accounting purposes as a "pooling-of-interests" in accordance with generally accepted accounting principles and the rules, regulations and interpretations of the SEC. The Company has received the letter attached hereto as Exhibit 3.23 from Arthur Andersen in respect of pooling-of-interests accounting treatment of the Merger.

3.24 Disclosure. No representation or warranty by the Company or any Member in this Agreement or any statement contained in the Disclosure Schedule or any certificates delivered hereunder contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained herein in light of the circumstances under which it was made, not false or misleading. All copies of contracts, agreements, and other documents made available to Buyer or any of its representatives pursuant hereto were complete copies of such contracts, agreements, or other documents.

ARTICLE 4.
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Company and the Members as follows:

4.1 Organization and Qualification. Buyer is duly organized, validly existing and in good standing under the law of its state of incorporation with full corporate power and authority to own its properties and to carry on its business as now conducted.

4.2 Authority, Binding Obligation. Buyer has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and all agreements collateral hereto and consummate the transactions contemplated herein and therein. The execution, delivery and performance by Buyer of this Agreement and the agreements collateral hereto and the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate actions and no other action on the part of Buyer is necessary to consummate the transactions contemplated hereby and thereby. This Agreement and the agreements collateral hereto have been duly executed and delivered by Buyer and constitute the legal, valid and binding obligations of Buyer, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditor's rights generally and to general

equitable principles. Neither the execution and delivery of this Agreement by Buyer nor the consummation of the transactions contemplated herein by Buyer, nor the full performance by Buyer of its obligations hereunder do or will: (i) violate any provision of its certificate of incorporation of by-laws; (ii) result in a breach of, or constitute a default under (with or without notice, lapse of time or both) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to the Allied Waste Merger Agreement; (iii) result in a breach of, or constitute a default under (with or without notice, lapse of time or both) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or contract to which the Company or any of its subsidiaries is a party or by which any of them (or any of their respective assets or Properties) is subject or bound; (iv) violate any writ or injunction to which Buyer or its subsidiaries are subject or any applicable statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity; or (v) require any of the Buyer or its subsidiaries to obtain any Consent, except as may be required under the HSR Act, which, in the cases of clauses (iii), (iv) or (v) above, would have a Material Adverse Effect with respect to ADS.

4.3 **Finders**. None of Buyer, ADS nor any of their respective directors or officers has taken any action that, directly or indirectly, would obligate the Members to pay a fee to anyone acting as a broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

4.4 **ADS Shares**. The ADS Shares to be issued hereunder have been duly authorized and, upon issuance thereof in accordance with the terms set forth herein, will be validly issued, fully paid, non-assessable and free of any Encumbrances, preemptive or other securities rights. The ADS Shares will upon issuance be registered under the Exchange Act, will be issued pursuant to an effective Registration Statement under the Securities Act and, at the time of their issuance, will be duly included for quotation on the NASDAQ National Market System.

4.5 **SEC Documents**. ADS has filed all required reports, schedules, forms, statements and other documents with the SEC (the "**SEC Documents**"). ADS has made available to the Members true, correct and complete copies of the final, effective versions of all post-December 31, 1997 Registration Statements on Form S-1, S-3 and S-8, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and proxy statements included within the SEC Documents, including without limitation, ADS's annual report on Form 10-K for the fiscal year ended December 31, 1997 and ADS's Prospectus dated April 3, 1998. All final, effective SEC Documents (other than material which was subsequently amended), as of their respective effective dates, complied as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act. None of the final, effective SEC Documents, as of their respective dates, contained any untrue statements of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent such statements have been amended, modified or superseded by later SEC Documents.

4.6 Financial Statements. ADS's consolidated financial statements included in the SEC Documents (a) were prepared in all material respects in accordance with the books of account and other financial records of Buyer and its subsidiaries, (b) fairly present the consolidated financial condition, results of operations, changes in retained earnings and cash flow of ADS and its subsidiaries as of the dates and for the periods covered thereby and (c) have been prepared in accordance with United States generally accepted accounting principles applied on a basis consistent with past practice (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Form 10-Q, and, with respect to interim statements, subject to year-end adjustments).

4.7 No Material Adverse Change. Since March 31, 1998, except as disclosed in the SEC Documents, there has not been any change in the condition (financial or otherwise) of the business of ADS or the liabilities, assets, customer or supplier relations, operations, results of operations, prospects or condition (financial or otherwise) of ADS and its subsidiaries, taken as a whole, which change would have a Material Adverse Effect.

4.8 Brokers and Finders. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangement made by or on behalf of Buyer.

4.9 Full Disclosure. No representation or warranty of Buyer in this Agreement or any certificate furnished to the Members pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

4.10 Pooling-of-Interests. None of ADS or, to the knowledge of Buyer, its Affiliates has taken or agreed or intends to take any action or has any knowledge of any facts or circumstances that would prevent the Merger from being treated for financial accounting purposes as a pooling-of-interests in accordance with generally accepted accounting principles and the rules, regulations and interpretations of the SEC. ADS has received the letter attached hereto as Exhibit 4.10 from Ernst & Young, LLP in respect of pooling-of-interests accounting treatment of the Merger.

ARTICLE 5.
COVENANTS

5.1 Conduct of Business of the Company and its Subsidiaries. The Company shall from the date hereof and until the Closing Date, except as contemplated by this Agreement or expressly consented to by an instrument in writing signed by Buyer, cause the Company and its subsidiaries: (i) to conduct its business and operations in all material respects only in the ordinary course, consistent with past practice; (ii) to maintain and preserve its Properties in all material respects on a basis consistent with past practice; (iii) to maintain adequate insurance upon its Properties and with respect to the conduct of its business consistent with current practices; (iv) to

preserve its business operations and organizations intact; (v) to keep available the services of its current officers and satisfactorily-performing employees; (vi) to preserve its current advantageous business relationships, including without limitation the goodwill of its customers and suppliers and others having business relationships with it; (vii) not to create, incur, assume, or suffer to exist debt relating to the borrowing of money, except for borrowings from Comerica Bank, or liens, other than those liens incurred in the ordinary course of business, consistent with past practice or set forth in the Disclosure Schedule; (viii) not to declare or pay any dividend or make any distribution in respect of its capital (other than the redemptions disclosed on Schedule 3.3); and (ix) not to convert any current assets into non-current assets other than in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, and except as contemplated in this Agreement, prior to the Closing Date, the Company and its subsidiaries will use all commercially reasonable efforts not to take any action which would result in the incorrectness as of the Closing Date of any representation and warranty contained in Article 3, without in each case the prior written consent of Buyer. Any actions taken by the Company prior to the Effective Time that are consistent with the provisions of this Section shall not be deemed to cause a breach of the representations and warranties of the Company and the Members hereunder, unless they cause a Material Adverse Effect.

5.2 **Company Records.** Prior to the Closing Date, the Company and its subsidiaries shall afford Buyer, its attorneys, accountants and representatives, free and full access to the business, books, records and employees of the Company and its subsidiaries during normal business hours, and shall provide to Buyer and its representatives such additional financial and operating data and other information as the Buyer shall from time to time reasonably request.

5.3 **Filings and Authorizations.** Each of the Company and Buyer, as promptly as practicable, (i) shall make, or cause to be made, all such filings and submissions under laws, rules and regulations applicable to it or its Affiliates, as may be required to consummate the Merger in accordance with the terms of this Agreement; (ii) shall use all commercially reasonable efforts to obtain, or cause to be obtained, all authorizations, approvals, consents and waivers from all governmental and non-governmental Persons necessary to be obtained by it or its Affiliates, in order to consummate the Merger (including without limitation filings under the HSR Act, subject to the last sentence of this Section); and (iii) shall use all commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its obligations hereunder. The Company, its subsidiaries and Buyer shall coordinate and cooperate with one another in exchanging such information and supplying such reasonable assistance as may be reasonably requested by each in connection with the foregoing. Without limiting the generality of the foregoing, ADS shall cause filings to be made on its behalf under the HSR Act within two Business Days following its receipt from the Company of the final version of the Company's filing under the HSR Act.

5.4 **Certain Income Tax Matters.**

(a) Liability of the Members for Pre-Closing Taxes. The Members shall be and remain liable for, and shall indemnify, defend, and hold the Buyer and its Affiliates harmless against,

any and all federal and state income taxes attributable to the taxable income of the Company and its limited liability company subsidiaries for all periods ending on or prior to the Closing Date. The Company's subsidiaries that are "C" corporations under the Code shall remain liable for their own Taxes, subject to the representations and warranties set forth in Section 3.8 hereof.

(b) Mutual Cooperation. As soon as practicable, but in any event within 30 days after the Members' or the Buyer's request, as the case may be, the Buyer shall or shall cause the Company to deliver to the Members, or the Members shall deliver to the Buyer, such information and other data in the possession of the Members, the Buyer, or the Company or any of its subsidiaries, as the case may be, relating to the Tax Returns and Taxes of, or with respect to, the Company and its subsidiaries, including such information and other data customarily required by the Members or the Buyer, as the case may be, to cause the payment of all Taxes or to permit the preparation of any Tax Returns for which it has responsibility or liability or to respond to audits by any taxing authorities with respect to any Tax Returns or Taxes for which it has any responsibility or liability under this Agreement or otherwise or to otherwise enable the Members or the Buyer, as the case may be, to satisfy its accounting or Tax requirements. For a period of seven years after the Closing, and, if at the expiration thereof any Tax audit or judicial proceeding is in progress or the applicable statute of limitations has been extended, for such longer period as such audit or judicial proceeding is in progress or such statutory period is extended, each party shall maintain and make available to the other, on reasonable request, copies of any and all information, books and records referred to in this Section 5.4(b). After such period, any party may dispose of such information, books and records; provided, that prior to such disposition such party shall give the other a reasonable opportunity to take possession of such information, books and records.

5.5 Publicity. From the date hereof to the Closing Date, none of the Members, the Company nor Buyer shall issue or make, and Members a party hereto and the Company shall cause the subsidiaries of the Company not to issue or make, the publication or dissemination of any press release or other announcement to divulge the existence of this Agreement or with respect to the transactions contemplated hereby except (i) as required by law or (ii) after consultation with and prior approval of the other parties hereto, which approval shall not be unreasonably withheld.

5.6 Discussions with Others. From the date hereof until the Closing Date, none of the Members a party hereto or the Company will, and the Members a party hereto and the Company will not permit any subsidiaries of the Company or any stockholder, officer, director, employee or representative of the Members a party hereto or the Company or any of its subsidiaries, to solicit or enter into negotiations with any party, other than Buyer, with regard to a purchase and sale of any portion of the capital stock, membership interests or assets of the Company or any of its subsidiaries, any material portion of the assets of the Company or any of its subsidiaries, or any merger or consolidation of the Company or any of its subsidiaries with any third party.

5.7 Further Assurances. The parties hereto shall from time to time after the Closing Date execute and deliver such additional instruments and documents as any party hereto may reasonably request to consummate the transfers and other transactions contemplated hereby. No

party hereto shall take or cause to be taken any action which, to their knowledge, would disqualify the business combination to be effected by this Agreement as a "pooling-of-interests" for accounting purposes and shall take all reasonable action required to be taken by them in order for the business combination to be effected by this Agreement to qualify as a "pooling-of-interests."

5.8 Tax Treatment. Each of Buyer and the Members a party hereto acknowledge that, for federal income tax purposes, the Merger is intended to constitute a taxable sale of the LLC Interests (which are treated as partnership interests for federal income tax purposes). None of the Buyer or the Members that are parties hereto shall take a position inconsistent with the foregoing.

5.9 Debt Repayment. ADS shall, simultaneously with the Closing hereunder, cause the repayment of all of the Company's indebtedness to (i) Comerica Bank arising under the Second Amended and Restated Credit Arrangement dated February 20, 1998, as amended (and related documents), between the Company and Comerica Bank and identified as item No. 62 of Schedule 3.12 of the Disclosure Schedules and (ii) the holders of the Company's Special A Shares and Special B Shares who elect prior to Closing to have the Company redeem such shares held by them in respect of the redemption of such shares under the terms of the Company LLC Agreement.

ARTICLE 6.
RESTRICTIVE COVENANTS

6.1 Non-Solicitation of Employees. After the Closing Date, except with respect to the individuals identified on Schedule 6.1, no Majority Member shall directly or indirectly, for its own account or on behalf of any other Person, induce or attempt to induce any person who is an officer or key employee of any of Buyer, the Company or any of its subsidiaries as of the date hereof to leave his or her employment with any of Buyer, the Company or any of its subsidiaries or any Affiliates of Buyer at any time within one year from the date hereof, except as the parties may otherwise agree.

6.2 Confidential Information. No Majority Members or the current officers of the Company shall at any time for a one-year period after Closing use or disclose to any Person other than Buyer any material confidential information, knowledge or data relating to the business of the Company or any of its subsidiaries (including without limitation information relating to accounts, financial dealings, transactions, trade secrets, intangibles, customer lists, pricing lists, processes, plans and proposals), whether or not marked or otherwise identified as confidential or secret, which could have an adverse impact on the Company, its subsidiaries or their prospects.

6.3 Acknowledgments. The Majority Members acknowledge that, in view of the nature of the business of the Company and its subsidiaries, the business objectives of Buyer in effecting the Merger and the consideration paid to the Members therefor, the restrictions contained in this Article 6 are reasonably necessary to protect the legitimate business interests of Buyer and that any violation of such restrictions will result in irreparable injury to Buyer for which damages will not be an adequate remedy. The Members a party hereto therefore acknowledge that, if any such restrictions

are violated, Buyer shall be entitled to preliminary and injunctive relief as well as to an equitable accounting of earnings, profits and other benefits arising from such violation. Buyer acknowledges that Buyer will not use any matters specifically disclosed in the Disclosure Schedule as a basis for refusing to close hereunder. Buyer also acknowledges that Laurel Mountain Partners LLC has formed another entity using the name "Liberty Waste Services" and is exploring possible acquisition transactions using such new entity and, subject to the non-competition agreement required hereby, such acquisitions, if they take place, shall not be deemed to be a corporate opportunity of the Company, shall not be deemed to be assets of the Company and such actions shall not constitute a breach of any provision hereof. The Buyer acknowledges that the names "Liberty" and "Liberty Waste Services" shall remain with Jeffrey D. Kendall, Donald E. Rea and C. Andrew Russell (the founding Members of the Company) and agrees that after Closing Buyer and its Affiliates shall not use such names or any variations thereof in its businesses or in the business of the Company and its subsidiaries, except for a 30-day transitional period after the Closing Date. Buyer also acknowledges and agrees that Jeffrey D. Kendall, Stephen J. McCarthy, James P. Gleeson and C. Andrew Russell and the members of the board of managers of the Company and its subsidiaries will terminate their employment and resign as directors, respectively, of the Company and the subsidiaries effective at the Effective Time. Buyer also acknowledges that after Closing the executive offices of the Company will no longer be available to the Company or its subsidiaries and that within 30 days after Closing the Company must remove all of its files and records from their current location in Pittsburgh, Pennsylvania.

6.4 **Members' Consent**. Each Member a Party Hereto, *Qua* Member of the Company, Does Hereby Approve of the Merger as Contemplated by Section 18-209 of the DLLCA.

6.5 **Consent to Use ADS SEC Documents**. ADS consents to the use by the Company of the SEC Documents referred to in Section 4.5 hereof in connection with a disclosure document prepared by the Company and delivered to its Members.

6.6 **Estoppel Letters**. The Company will use commercially reasonable efforts to obtain estoppel letters with respect to the material leases of its subsidiaries (other than the lease held by D&L Disposal for its transfer station).

ARTICLE 7.
CONDITIONS TO EFFECTIVENESS OF MERGER

7.1 **Conditions Precedent to Obligations of Buyer**. The obligation of Buyer under this Agreement to consummate the Merger shall be subject to the satisfaction, at or prior to the Effective Time, of all of the following conditions, any one or more of which may be waived by Buyer:

(a) **Representations and Warranties Accurate**. The representations and warranties of the Members a party hereto and the Company contained in this Agreement shall be true

and correct in all respects as of the date of this Agreement and as of the Effective Time with the same force and effect as though made on and as of the Effective Time.

(b) **Performance by the Members**. Each of the Members a party hereto and the Company shall have performed and complied with all covenants and agreements required to be performed or complied with by it hereunder at or prior to the Effective Time.

(c) **Consents**. All Consents required in connection with the Merger described on Schedule 7.1(c) hereto shall have been duly obtained, made or given and shall be in full force and effect, without the imposition upon Buyer, any of its Affiliates, the Company or any of its subsidiaries of any material condition, restriction or required undertaking.

(d) **Lender Approval**. The senior commercial lender to ADS shall have, in its sole discretion, approved by October 2, 1998 the entry of each Buyer into this Agreement and the consummation of the Merger.

(e) **No Legal Prohibition**. No suit, action, investigation, inquiry or other proceeding by any Governmental Entity or other Person shall have been instituted or threatened (such threat to be credible) which arises out of or relates to this Agreement, or the transactions contemplated hereby and no injunction, order, decree or judgment shall have been issued and be in effect or threatened to be issued by any Governmental Entity of competent jurisdiction, and no statute, rule or regulation shall have been enacted or promulgated by any Governmental Entity and be in effect, which in any case restrains or prohibits the consummation of the Merger.

(f) **Certificate**. Buyer shall have received a certificate, dated the Closing Date, signed by the Company, to the effect that the conditions set forth in Sections 7.1(a) and 7.1(b) have been satisfied.

(g) **Opinions of Counsel for the Majority Members and the Company**. Buyer shall have received one or more opinions, dated the Closing Date, from counsel reasonably satisfactory to the Buyer to the Majority Members and the Company, in form and substance reasonably satisfactory to Buyer. Buyer acknowledges that the opinion of Kirkpatrick & Lockhart LLP, in substantially the form annexed hereto as Exhibit 7.1(g), shall be satisfactory to Buyer with regard to the Company and Laurel Mountain Partners LLC.

(h) **HSR Act**. The required waiting period under the HSR Act shall have expired or been earlier terminated without any indication that the FTC or the Justice Department intends to take any further action.

(i) **Small Business Set-Asides**. None of the customer accounts of the Company or any of its subsidiaries shall have been designated by the appropriate Governmental Entity as "small business set-aside" contracts.

(j) **Business Conducted in Ordinary Course.** No material adverse change shall have occurred in the business of the Company or any of its subsidiaries and no other event, loss, damage, condition or state of facts of any character shall exist which has a Material Adverse Effect with respect to the Company.

(k) **Releases.** Each officer and director of each of the Company and its subsidiaries and each Majority Member shall have delivered to Buyer a general release releasing all claims of any kind each has or may have against the Company or any of its subsidiaries, such release not extending to fraud, criminal acts or matters arising under this Agreement.

(l) **Members' Non-Competition Agreements.** Jeffrey D. Kendall, Donald E. Rea, C. Andrew Russell, James T. Cronin, Michael K. Luken, James Van Poppel, Steve McCarthy and James Gleeson shall each have executed and delivered to Buyer a Non-Competition Agreement in the form set forth on Exhibit 7.1(l) and which shall be satisfactory in form and substance to Buyer in all other respects; provided, that the Non-Competition Agreement to which Mr. Gleeson is a party shall only have a duration of two years from the date of the Closing.

(m) **Pooling Documents.** Each of ADS and the Company shall have received from (i) Ernst & Young a letter to the effect that the Merger will qualify for a pooling-of-interests accounting treatment if consummated in accordance with this Agreement, (ii) Arthur Andersen a letter to the effect that the Company and its subsidiaries are poolable entities, and (iii) restrictive agreements from their respective Affiliates to the effect that such Affiliates will not transfer ADS Shares (or shares of Allied Waste common stock) at any time that would adversely affect the parties' ability to account for the Merger as a pooling-of-interests.

(n) **Information Regarding Members.** At least five Business Days prior to the Closing, the Company shall have advised Buyer of the name, address and social security or taxpayer identification number of each of the Members.

(o) **Additional Documents, Etc.** The Company shall have delivered to Buyer such other documents, instruments and certificates as shall be reasonably requested by Buyer or Buyer's counsel for the purpose of effecting the transactions provided for and contemplated by this Agreement.

7.2 **Conditions Precedent to Obligations of the Members.** The obligations of the Members a party hereto and the Company under this Agreement to consummate the Merger shall be subject to the satisfaction, at or prior to the Effective Time, of all the following conditions, any one or more of which may be waived by the Members and the Company:

(a) **Representations and Warranties Accurate.** The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects as of the date of this Agreement and as of the Effective Time with the same force and effect as though made on and as of the Effective Time.

(b) Performance by Buyer. Buyer shall have performed and complied with all covenants and agreements required to be performed or complied with by the Buyer hereunder on or prior to the Effective Time.

(c) No Legal Prohibition. No suit, action, investigation, inquiry or other proceeding by any Governmental Entity or other Person shall have been instituted or threatened (such threat to be credible) which arises out of or relates to this Agreement or the transactions contemplated hereby and no injunction, order, decree or judgment shall have been issued and be in effect or threatened to be issued by any Governmental Entity of competent jurisdiction, and no statute, rule or regulation shall have been enacted or promulgated by any Governmental Entity and be in effect which in each case restrains or prohibits the Merger.

(d) Certificate. The Members shall have received a certificate, dated the Closing Date, signed on behalf of Buyer by a principal corporate officer of Buyer, to the effect that the conditions set forth in Sections 7.2(a) and 7.2(b) have been satisfied.

(e) Opinion of Counsel for Buyer. The Members shall have received an opinion from Proskauer Rose LLP, special counsel to the Buyer, dated the Closing Date, in substantially the form annexed hereto as Exhibit 7.2(e).

(f) HSR Act. The required waiting period under the HSR Act shall have expired or been earlier terminated without any indication that the FTC or the Justice Department intends to take any further action.

(g) Personal Guarantees. The personal guarantees of the Members to Comerica Bank shall have been released.

(h) Pooling Documents. Each of ADS and the Company shall have received from (i) Ernst & Young a letter to the effect that the Merger will qualify for a pooling-of-interests accounting treatment if consummated in accordance with this Agreement, (ii) Arthur Andersen a letter to the effect that the Company and its subsidiaries are poolable entities, and (iii) restrictive agreements from their respective Affiliates to the effect that such Affiliates will not transfer ADS Shares (or shares of Allied Waste common stock) at any time that would adversely affect the parties' ability to account for the Merger as a pooling-of-interests.

(i) NASDAQ. The ADS Shares to be delivered at the Closing shall have been authorized for inclusion on the Nasdaq National Market System, upon official notice of issuance.

(j) Registration. The issuance of the ADS Shares at the Closing shall have been effected pursuant to an effective registration statement under the Securities Act.

(k) Employment Agreement. ADS shall have used its reasonable efforts to negotiate, consistent with its past practice regarding employment agreements, an employment

agreement with Thomas Manske on the general terms set forth in the draft agreement annexed hereto as Exhibit 7.1(k).

(l) **Allied Waste Merger**. Simultaneously with the execution and delivery of this Agreement, Allied Waste has entered into an agreement to be bound by certain provisions of this Agreement if the closing under the Allied Waste Merger Agreement takes place prior to the Closing. Such agreement shall be in full force and effect on and as of the date of the Closing and Allied Waste shall have performed and complied with such agreement to the extent required thereunder prior to the Closing.

(m) **Material Adverse Effect**. There shall have occurred no event, whether by reason of regulatory action or otherwise, occurring after the date hereof that would have a Material Adverse Effect on Buyer or Allied Waste.

(n) **Termination**. The agreements identified on Schedule 7.2(n) shall have been terminated or transferred to Laurel Mountain Partners LLC.

(o) **Additional Documents, Etc.** Buyer shall have delivered to the Members such other documents, instruments and certificates as shall be reasonably requested by the Members or the Members' counsel for the purpose of effecting the transactions provided for and contemplated by this Agreement.

ARTICLE 8.
INDEMNIFICATION

8.1 **Survival of Representations and Warranties**. All representations and warranties contained in Articles 3 and 4 shall survive the Effective Time and remain in full force and effect following the Effective Time, but all such representations and warranties shall terminate at the General Escrow Claim Termination Date.

8.2 **Indemnification; Claims Made Against General Escrow Shares**. During the period from and after the Effective Time up to the General Escrow Claims Termination Date, the Members shall indemnify Buyer, its Affiliates, the Company and its subsidiaries and their respective directors, officers and employees (collectively, "**Buyer Claimants**" and individually, "**Buyer Claimant**") from and hold them harmless against all demands, claims, actions, liabilities, losses, costs, damages or expenses whatsoever (including without limitation reasonable attorneys' fees and expenses) (collectively, "**Claims**") asserted against, imposed upon or incurred by any Buyer Claimant resulting from or arising out of: (i) any inaccuracy or breach of any representation or warranty of the Company or any Member contained herein and (ii) any breach of any covenant or obligation of the Company or any Member contained herein; *provided, however*, that the right of Buyer for any Claims under this Section shall be limited in amount to 10% of the Merger Consideration, shall first be made by assessment against the General Escrow Shares held by the

Escrow Agent at the time a Claim is made and may be made only after the aggregate amount of Claims under this Section exceeds $200,000, and only to the extent of such excess; and that all payments hereunder shall be made in shares of ADS Common Stock or, if the closing occurs under the Allied Waste Merger Agreement, shares of common stock of Allied Waste, valued, for the purpose, at the ADS Average Common Stock Value.

8.3 **Claim Against Special Escrow Shares.** During the period from and after the Effective Time up to the Special Escrow Claim Termination Date, the Buyer may recoup from and assess against the Special Escrow Shares, Pro Rata among the Members at the ADS Average Common Stock Value, all Claims asserted against, imposed upon or incurred by any Buyer Claimant for the specific matters described on Schedule 8.3; *provided, however,* that the right of Buyer for any Claims under this Section 8.3 shall be limited to the Special Escrow Shares in accordance with the Special Escrow Agreement and the number of Special Escrow Shares assessable for any specific Claim shall be limited as provided in Section 2.6(d).

8.4 **Indemnification by Buyer.** During the period from and after the Effective Time up to the General Escrow Claim Termination Date, Buyer shall indemnify and save the Members, their Affiliates and their respective agents, successors and assigns (collectively "**Seller Claimants**" and individually "**Seller Claimant**") harmless from and defend each of them from and against any and all Claims asserted against, imposed upon or incurred by the Seller Claimants resulting from or arising out of (i) any inaccuracy or breach of any representation or warranty of Buyer contained herein and/or (ii) any breach of any covenant or obligation of Buyer contained herein; *provided, however*, that Buyer's obligations under this Section 8.4 shall be limited in amount to 10% of the Merger Consideration; that Claims under this Section 8.4 may be made only after the aggregate amount of Claims under this Section exceeds $200,000, and only to the extent of such excess; and that all payments hereunder shall be made in shares of ADS Common Stock or, if the Closing occurs under the Allied Waste Merger Agreement, shares of common stock of Allied Waste, valued, for this purpose, at the ADS Average Common Stock Value.

8.5 **Terms and Conditions of Indemnification.**

(a) The party seeking recoupment, assessment or indemnification hereunder (the "**Claimant**") must give the other party or parties hereto, as the case may be (the "**Indemnitor**"), written notice of any such claim promptly. The Claimant's failure to give prompt notice, however, shall not serve to eliminate or limit the Claimant's right to indemnification hereunder except to the extent such failure materially prejudices the rights of the Indemnitor.

(b) The respective obligations and liabilities of the Members and of Buyer to indemnify pursuant to this Article 8 in respect of any claim by a third party shall be subject to the following additional terms and conditions:

(i) The Indemnitor shall have the right to undertake, by counsel or other representatives of its own choosing reasonably satisfactory to Claimant, the defense, compromise, and settlement of such Claim.

(ii) In the event that the Indemnitor shall elect not to undertake such defense, or within a reasonable time after notice of any such claim from the Claimant shall fail to defend, the Claimant (upon further written notice to the Indemnitor) shall have the right to undertake the defense, compromise or settlement of such claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the Indemnitor.

(iii) Notwithstanding anything in this Section 8.5 to the contrary, (A) if there is a reasonable probability that a Claim may materially and adversely affect the Claimant other than as a result of money damages or other money payments, the Claimant shall have the right, at its own cost and expense, to participate in the defense, compromise or settlement of the Claim, (B) the Indemnitor shall not, without the Claimant's written consent, settle or compromise any Claim (which consent shall not be unreasonably withheld by Claimant, *provided, however*, that if Claimant does withhold consent, the Indemnitor's liability shall be capped at the amount of the requested settlement or compromise for the Claim), or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the claiming party or the plaintiff to the Claimant of a release from all liability in respect of such claim, and (C) in the event that the Indemnitor undertakes defense of any Claim, the Claimant by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the Indemnitor and its counsel or other representatives concerning such claim and the Indemnitor and the Claimant and their respective counsel or other representatives shall cooperate with respect to such claim, subject to the execution and delivery of a mutually satisfactory joint defense agreement.

(iv) After making a Claim against General Escrow Shares as provided in Section 8.2, but prior to assessing General Escrow Shares with respect to such Claim, Buyer shall first exhaust any available insurance or indemnification rights that Buyer or the Company may have with respect to the matter giving rise to such Claim before the Members forfeit the right to receive such General Escrow Shares; *provided, however,* that Buyer Claimants shall have no obligation to appeal any judicial determinations adverse to them in connection with pursuing any such indemnification rights.

(v) Any party hereto may dispute any Claim made by any other party hereto, and such dispute shall be resolved in the manner provided in Section 9.4.

8.6 **Exclusive Remedy.** The remedies set forth in this Article 8 or elsewhere in this Agreement are the exclusive post-Closing remedies of the parties for any breach of any representations, warranties, covenants and agreements contained in this Agreement (with the exception of fraud).

8.7 Waiver. The Buyer hereby waives any conflict of interest that may exists as a result of the representation by Kirkpatrick & Lockhart LLP, Arthur Andersen or other independent professional advisors of the Company and its Subsidiaries prior to the Closing and the representation by those advisors of the Members after Closing in connection with this Agreement, including any dispute governed by this Article 8 and Section 9.4.

ARTICLE 9.
MISCELLANEOUS

9.1 Termination; Break-Up Fee. This Agreement may be terminated and abandoned prior to Closing by Buyer or the Members, by written notice to the other party or parties, if the Effective Time has not occurred by the close of business on December 31, 1998. If this Agreement is terminated and there is no Closing hereunder solely as a result of a breach hereof by Buyer, then Buyer shall promptly pay to the Company a fee of $1 million as liquidated damages and not as a penalty.

9.2 Expense. Buyer shall pay up to an aggregate of $800,000 of severance costs provided in the severance agreements listed in Schedule 3.12 of the Disclosure Schedule, up to an aggregate of $200,000 of the other transaction expenses (including attorneys' and accountants' fees) incurred by the Company in connection with the transactions contemplated hereby and all the expenses incurred by it in connection with this Agreement and the transactions contemplated hereby. Except as set forth in the previous sentence, the Members shall pay all transaction expenses incurred by any of them or the Company, including without limitation severance costs whether or not disclosed to Buyer, in connection with the transactions contemplated hereby.

9.3 Appointment of Members' Representatives.

(a) Appointment. Upon approval of the Merger in accordance with the DLLCA, the Members shall be deemed for themselves and their respective successors, assigns, heirs, executors and legal representatives to have constituted and appointed, effective from and after the Effective Time, Jeffrey D. Kendall, an individual residing in Allegheny County, Pennsylvania, Donald E. Rea, an individual residing in Allegheny County, Pennsylvania, and Gary Zentner, an individual residing in Allegheny County, Pennsylvania, as the agents and representatives (the "Members' Representatives") of the Members and their respective successors, assigns, heirs, executors and legal representatives to act as their agents and representatives for all purposes under this Agreement. In the event of the death, resignation, incapacity or refusal to act of (i) Jeffrey D. Kendall, then C. Andrew Russell, an individual residing in Allegheny County, Pennsylvania, shall automatically be deemed to be appointed as successor Members' Representative to Jeffrey D, Kendall, (ii) Donald E. Rea, then Steven J. McCarthy, an individual residing in Allegheny County, Pennsylvania, shall automatically be deemed to be appointed as successor Members' Representative to Donald E. Rea, and (iii) Gary Zentner, then David M. Hillman, an individual residing in Allegheny County, Pennsylvania, shall automatically be deemed to be appointed as successor

Members' Representative to Gary Zentner, in each case subject to receipt by the Company of a written acceptance from such successor. In such event, or in the event of any of the successor Members' Representative's death, resignation, incapacity or failure to timely accept the appointment in writing, the Members shall promptly designate another individual or individuals to act as their Members' Representative or Representatives, as the case may be, under this Agreement so that at all times there will be three Members' Representatives with the authority provided in this Section. Such successor Members' Representatives shall be designated by the Members by an instrument in writing executed by Members with an aggregate interest or right to receive not less than sixty percent (60%) of the unpaid Merger Consideration and such appointment shall become effective as to the successor Members' Representatives when such instrument shall have been delivered to any such proposed successor Members' Representatives (and accepted in writing) and a copy thereof received by Buyer and Surviving LLC.

(b) **Authorization.** The Members hereby authorize the Members' Representatives, on their behalf and in their name, without inquiry of and without additional approval from the Members, to:

(i) initiate legal suits or arbitration proceedings against Buyer in the name of and on behalf of Members;

(ii) Receive all notices or documents given or to be given to the Members by Buyer or the Surviving LLC pursuant hereto or in connection herewith and to receive and accept service of legal process in connection with any suit or proceeding against the Members arising under this Agreement;

(iii) Engage counsel and such accountants and other advisors on behalf of the Members and incur such other reasonable expenses on behalf of the Members in connection with this Agreement and the transactions contemplated hereby as the Members' Representatives may deem appropriate;

(iv) Take such action on behalf of the Members as the Members' Representatives may deem appropriate in respect of:

(A) waiving any inaccuracies in the representations or warranties of Buyer or American Acquisition contained in this Agreement or in any document delivered by Buyer or American Acquisition pursuant hereto;

(B) taking such other action as the Members' Representatives are authorized to take under this Agreement;

(C) receiving all documents or certificates and making all determinations on behalf of the Members required under this Agreement;

(D) all such other matters as the Members' Representatives may deem necessary or appropriate in connection with the administration of this Agreement and the transactions contemplated hereby; and

(E) Agreeing and permitting any disbursements or payments out of the General Escrow Shares and Special Escrow Shares; and

(v) Negotiate, compromise, settle and resolve on behalf of the Members any Claim by Buyer for indemnification against the Members pursuant to Sections 8.2 or 8.3.

(c) **Irrevocable Appointment; Binding Effect.** The appointment of the Members' Representatives hereunder is irrevocable (except as provided below) and unconditional and any action taken by the Members' Representatives pursuant to the authority granted in this Section shall be effective and absolutely binding on the Members notwithstanding any contrary action of, or direction from, the Company or any of the other Members, except for actions taken by the Members' Representatives which are in bad faith or grossly negligent, and subject in all events to the right of all Members to be treated on a Pro Rata basis, in accordance with their respective rights under this Agreement to receive Merger Consideration.

(d) **Resignation and Removal.** Any Members' Representative may resign at any time by giving notice to Buyer and the Surviving LLC and to the Members (at their addresses then last known to such Members' Representative), which resignation shall be effective upon the appointment and qualification of a successor and the acceptance of the appointment by such successor. Any one or more Members' Representatives may be discharged and replaced by another person to act as his or her successor for any reason or no reason by an instrument in writing signed by Members holding in the aggregate rights to receive not less than sixty percent (60%) of the Merger Consideration than due.

(e) **Majority of Members' Representatives; Pro Rata Treatment of Members.** The act of a majority of the Members' Representatives shall be effective to bind all of the Members hereunder. Notwithstanding anything else herein to the contrary, the Members' Representatives shall treat all Members Pro Rata.

(f) **Buyer's Reliance.** Buyer and the Surviving LLC shall not be obliged to inquire into the authority of the Members' Representatives, and such parties shall be fully protected in dealing with the Members' Representatives in good faith.

(g) **Exculpation and Indemnification.**

(i) In performing any of such Members' Representatives' duties under this Agreement, the Members' Representatives shall not incur any Liability to any Person, except for Liability caused by the Members' Representatives' willful misconduct, unlawful acts or gross negligence. Accordingly, the Members' Representatives shall not incur any such Liability for (A)

any action that is taken or omitted in good faith regarding any questions relating to the duties and responsibilities of the Members' Representatives under this Agreement, or (B) any action taken or omitted to be taken in reliance upon any instrument that the Members' Representatives shall in good faith believe to be genuine, to have been signed or delivered by a proper person or persons and to conform with the provisions of this Agreement.

(ii) The Members shall, on a Pro Rata basis, indemnify, defend and hold harmless the Members' Representatives against, from and in respect of any Claims arising out of or resulting from the performance of such Members' Representatives' duties hereunder or in connection with this Agreement (except for Liabilities arising from the gross negligence, unlawful acts or willful misconduct of the Members' Representatives).

(h) **Interpleader.** If the Members' Representatives are in their sole discretion unable to resolve any disputes that may arise between them and the Members, the Members' Representatives may institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the Members.

9.4 **Arbitration.**

(a) Immediately upon determining that there is a material issue over which the parties cannot agree, the Members' Representatives and the President of ADS shall meet and attempt in good faith to agree upon a resolution of the issue upon written request of either party (the "**Trigger Date**"). Negotiations shall continue toward reaching an agreement for a period equal to the shorter of (i) thirty (30) days after the Trigger Date or (ii) a written determination by Buyer or the Members' Representatives sent to the other that an impasse exists with no likelihood of reaching an acceptable agreement.

(b) Subject to compliance with Section 9.4(a), any controversy or claim arising out of or relating to this Agreement, including without limitation a controversy or claim arising out of or relating to the breach, termination or validity of this Agreement, shall be resolved by binding arbitration in accordance with the American Arbitration Association ("AAA") Commercial Arbitration Rules, as modified by this Section 9.4(b), by a panel of three arbitrators. The AAA shall appoint such arbitrators from the AAA Panel of Neutrals for Chicago, Illinois, and arbitration hereunder shall be conducted in Chicago, Illinois. The arbitration proceeding shall commence with the filing of a demand for arbitration. Any discovery permitted by the arbitrators shall be concluded within 90 days following the submission of the demand for arbitration (subject to extension by the arbitrators if the party from which discovery is sought fails to cooperate in the discovery). Within such 90 day period, the arbitrators may permit each party to take a reasonable number of depositions and interrogatories and to make reasonable requests for the production of documents. Within 20 days after close of discovery, the parties shall submit to the arbitrators a proposed resolution of the dispute (each, a "**Proposal**"). As soon practicable after the submission of each proposal, there shall be a hearing before the arbitrators regarding the Proposals and merits of the dispute. The hearing shall be concluded with six months of the completion of discovery (subject to extension by the

arbitrators if the party not seeking extension fails to cooperate in scheduling); and each of the arbitrators shall agree, as a condition to their selection, to make themselves available to complete the hearing during that period. The panel of arbitrators shall make an award within 20 days after the conclusion of the hearing consisting of one, and only one, of Proposals made by the parties, unless the parties otherwise agree. The decision of the arbitrators shall be final and non-appealable. Any arbitration hereunder shall be governed by the United States Arbitration Act, 9 U.S.C. §§1-16 except as specifically provided herein, and judgment upon the award rendered by the arbitration panel may be entered by any court of competent jurisdiction. The party not prevailing shall pay the fees and expenses of the arbitrators.

9.5 **Amendment**. This Agreement may not be modified, amended, altered or supplemented except by a written agreement executed by Buyer, the Members who are parties hereto and the Company.

9.6 **Entire Agreement**. This Agreement, together with the Exhibits and Disclosure Schedule hereto and the instruments and other documents delivered pursuant to this Agreement, contain the entire agreement of the parties relating to the subject matter hereof, and supersede all prior agreements, understandings, representations, warranties and covenants of any kind between the parties. All others are specifically waived.

9.7 **Waivers**. Waiver by any party of any breach of or failure to comply with any provision of this Agreement by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement. No waiver of any such breach or failure or of any term or condition of this Agreement shall be effective unless in a written notice signed by the waiting party and delivered, in the manner required for notices generally, to each affected party.

9.8 **Notices**. All notices and other communications hereunder shall be validly given or made if in writing, when delivered personally (by courier service or otherwise), when sent by telecopy with confirmation, by courier service, by postage-prepaid first class mail, or when actually received when mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Section:

If to the Members:

To the addresses set forth under their names on the signature pages hereto.

If to the Company before Closing:

CNG Tower Suite 3100
625 Liberty Avenue
Pittsburgh, PA 15222-3124
Telecopier: (412) 562-0222
Attention: President

Copy to:

Kirkpatrick & Lockhart LLP
1500 Oliver Building
Pittsburgh, PA 15222
Telecopier: (412) 355-6501
Attention: David L. Forney, Esq.

If to Buyer:

American Disposal Services of Illinois, Inc.
745 McClintock Drive
Suite 230
Burr Ridge, IL 60521
Telecopier: (630) 655-1455
Attention: General Counsel

9.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware (*i.e.*, without regard to its conflicts of law rules).

9.11 Binding Effect; Third Party Beneficiaries; Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective legal representatives, successors and permitted assigns. Except as expressly set forth herein, nothing expressed or referred to in this Agreement is intended or shall be construed to give any Person other than the parties to this Agreement, or their respective legal representatives, successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, except that the Members who are not a party hereto shall be intended third party beneficiaries of this Agreement. No party may assign this Agreement nor any of its rights hereunder, other than any right to payment of a liquidated sum, nor delegate any of its obligations hereunder, without the prior written consent of the other, except that Buyer may assign its rights (with written notice to the Members and the Company) under this Agreement to any Affiliate or to any Person providing financing to Buyer, Allied Waste or any of its subsidiaries, and Allied Waste shall assume certain obligations hereunder upon the consummation of the Allied Waste Merger.

9.12 **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and any such provision, to the extent invalid or unenforceable, shall be replaced by a valid and enforceable provision which comes closest to the intention of the parties underlying such invalid or unenforceable provision.

9.13 **Headings.** The headings contained in this Agreement are for reference purposes only and shall not modify, define, limit, expand or otherwise affect in any way the meaning or interpretation of this Agreement.

9.14 **No Agency.** No party hereto shall be deemed hereunder to be a partner or joint venture with any other party hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

The Company: LIBERTY WASTE SERVICES LIMITED, LLC

By: _____
Name: Timothy B. Clarkson
Title: President

ADS-Illinois: AMERICAN DISPOSAL SERVICES OF ILLINOIS, INC.

By: _____
Name: Richard De Young
Title: President

American Acquisition: AMERICAN MERGER AND ACQUISITION CORP.

By: _____
Name: Richard De Young
Title: President

ADS: AMERICAN DISPOSAL SERVICES, INC.

By: _____
Name: Richard De Young
Title: President

Members: Signature:
Print Name:

Address:

EIN#:

or

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address: 3100 CNG. Tower
Pgh. PA 15222

EIN#:

or

SSN#:

Date:

Signature:

Print Name: Van Poppel, Ltd.

Address:

EIN#:

or

SSN#:

Date:

Signature:

Print Name: PNC Capital Corp.

Address:

EIN#:

or

SSN#:

Date:

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address:

EIN#:

or

SSN#:

Date:

Signature: James VanPoppel

Print Name: Van Poppel, Ltd. James VanPoppel

Address: P.O. Box 736
0-231 County Road 12
Napoleon, Ohio 43545

EIN#: 31-1451154

or

SSN#:

Date: 9-23-98

Signature:

Print Name: PNC Capital Corp.

Address:

EIN#:

or

SSN#:

Date:

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SEP 23 '98 16:29 412 562 0248 PAGE.04

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address:

EIN#:

or

SSN#:

Date:

Signature: James VanPoppel

Print Name: Van Poppel, Ltd. James VanPoppel

Address: P.O. Box 736
0-231 County Road 12
Napoleon, Ohio 43545

EIN#: 31-1451154

or

SSN#:

Date: 9-23-98

Signature:

Print Name: PNC Capital Corp.

Address:

EIN#:

or

SSN#:

Date:

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address:

EIN#:

or

SSN#:

Date:

Signature:

Print Name: Van Poppel, Ltd.

Address:

EIN#:

or

SSN#:

Date:

Signature: Dan Zentres

Print Name: PNC Capital Corp. PRESIDENT

Address:

EIN#:

or

SSN#:

Date:

Signature: Barry Zentner PRESIDENT

Print Name: PNC Venture Corp.

Address:

EIN#:

or

SSN#:

Date:

ALLIED WASTE INDUSTRIES, INC.
ACQUISITION OF
LIBERTY WASTE SERVICES LIMITIED, LLC

DISCLOSURE SCHEDULES re:
GREAT LAKES DISPOSAL SERVICES, INC.
(DELAWARE)

STOCK PURCHASE AND CAPITAL CONTRIBUTION AGREEMENT

Dated as of September 16, 1997

by and among

RICHARD H. DYKSTRA
RICHARD K. DYKSTRA
BERNARD C. DRENTH
STEVEN W. DYKSTRA
RICHARD C. DRENTH
STEPHANIE DRENTH HOLT
GRAHAM M. DRENTH

and

LIBERTY WASTE SERVICES LIMITED, LL.C.

and

GREAT LAKES DISPOSAL SERVICE, INC.

Stock Purchase and Capital Contribution Agreement (this "**Agreement**"), dated as of September 16, 1997, by and among Richard H. Dykstra, Richard K. Dykstra, Bernard C. Drenth, Steven W. Dykstra, Richard C. Drenth, Stephanie Drenth Holt and Graham M. Drenth (collectively, "**Stockholders**"), Liberty Waste Services Limited, L.L.C., a Delaware limited liability company and successor by merger to Liberty Waste Services, Ltd., an Ohio limited liability company ("**LWS**"), and Great Lakes Disposal Service, Inc., an Illinois corporation (the "**Great Lakes**").

Stockholders own all of the issued and outstanding shares of capital stock of Great Lakes, consisting of One Hundred Forty (140) shares of common stock (the "**Shares**"). LWS and Stockholders entered into that certain letter of intent dated July 25, 1997 (the "**Letter of Intent**") pursuant to which Stockholders agreed to sell all of the Shares to LWS pursuant to the terms and conditions set forth therein. The Letter of Intent contemplated that the agreement of the parties thereto concerning the purchase and sale of the Shares would be set forth in a definitive stock purchase agreement containing terms, conditions, covenants and indemnifications provisions common to agreements of this type for a transaction of this nature as well as the essential terms contained in the Letter Agreement and Exhibits B, C and D incorporated therein by reference.

This Agreement is the Purchase Agreement referred to in the Letter of Intent and supersedes in its entirety the Letter of Intent.

In consideration of the foregoing recitals and premises, all of which are incorporated into this Agreement, and in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Stockholders, LWS and Great Lakes, each intending to be legally bound hereby, agree as set forth below.

ARTICLE I.
THE TRANSACTION

Section 1.1. **Sale and Purchase of Shares.** Upon the terms and subject to the conditions of this Agreement and in consideration of the Purchase Price (defined in Section 1.2), Stockholders shall sell, assign, transfer and deliver the Shares to LWS, and LWS shall purchase from Stockholders and take delivery of the Shares, at the Closing, free and clear of any Encumbrances. For purposes of this Agreement, "**Encumbrance**" means any liability, debt, mortgage, deed of trust, pledge, security interest, encumbrance, option, right of first refusal, agreement of sale, adverse claim, easement, lien, lease, assessment, restrictive covenant, encroachment, right-of-way, burden or charge of any kind or nature whatsoever or any item similar or related to the foregoing.

Section 1.2. **Purchase Price.** The aggregate purchase price for the Shares shall be $8,410,000 million (the "**Purchase Price**").

Section 1.3. **Deposit**. On July 29, 1997, LWS delivered to Shawn, Mann & Steinfeld, LLP, as escrow agent ("**Escrow Agent**"), $50,000 as a deposit pursuant to the terms of the Letter of Intent (such sum, together with all interest and other income accrued thereon, less normal bank charges, the "**Deposit**"). The Deposit is subject to the terms of an Escrow Agreement dated July 29, 1997 among LWS, Stockholders and Escrow Agent and shall be applied against the cash portion of the Purchase Price due at Closing.

Section 1.4. **Payment.** Upon the terms and subject to the conditions of this Agreement, (i) at Closing, LWS shall deliver to Stockholders the sum of $1,110,000, minus the amount of the Deposit, in immediately available federal funds to an account and pursuant to wire transfer instructions identified in writing by Stockholders and delivered to LWS at least ten days prior to Closing, (ii) a Promissory Note in the aggregate principal amount of $2,000,000 in substantially the form attached hereto as Exhibit A (the "**Promissory Note**") secured by a stand-by letter of credit issued by Comerica Bank containing such terms as are reasonably acceptable to Stockholders and LWS, and (iii) Convertible Special A Shares (hereafter, the "**Special A Shares**") having an agreed value of $5,300,000 million representing an agreed 7.5% equity interest in LWS, subject to the additional terms referred to in Section 1.5.

Section 1.5. **Convertible Special A Shares.** The Special A Shares will have cumulative preferred distribution rights, ahead of both the existing Common Shares and Preferred Shares of LWS, equal to 8% per annum (compounded annually) of $5.3 million, payable prior to and only if LWS makes distributions to holders of existing Preferred Shares and Common Shares. Tax distributions will be required to be made to all LWS members and will be an exception to preferred distribution on the Special A Shares. The Special A Shares will be convertible at any time by the holder thereof into Common Shares of LWS representing an agreed 7.5% equity interest in LWS (determined as of the date hereof), subject to dilution for new investments for fair value as determined by a majority of the board of LWS. Subject to the right of the holder of the Special A Shares to convert as described in the immediately preceding sentence (which right shall take priority over LWS's "call" rights described in this sentence), the holder of the Special A Shares will have the right to "put" (i.e., require LWS to purchase from the holder) and LWS (after reasonable notice) will each have the right to call (i.e., require the holder to sell to LWS), as the case may be, for cash the Special A Shares upon an initial public offering of LWS's equity securities by LWS, upon a sale of a majority of the shares of equity of LWS to third parties (which shall not include the issuance of shares of equity of LWS to new or existing investors) and upon a sale of substantially all of LWS's assets, in each case at the proportionate amount of $5.3 million, plus accumulated interest. In addition, the holder of the Preferred Shares shall have the right to put for cash up to 10% of the Special A Shares after the second anniversary of the Closing Date, up to an additional 20% of the Special A Shares after the third anniversary of the Closing Date, up to an additional 20% of the Special A Shares after the fourth anniversary of the Closing Date and all of the Special A Shares on the fifth anniversary of the Closing Date, in each case at the proportionate amount of $5.3 million, plus proportionate accumulated interest, upon 90 days advance written notice. LWS shall have the right to call for cash all outstanding Special A Shares on the fifth anniversary of the Closing Date at the proportionate amount of $5.3 million,

plus accumulated interest (net of prior redemptions or conversions). The Special A Shares will have all other rights as the existing Common Shares, including voting rights, but not including the rights of the existing Preferred Shares, except as contemplated above. At or prior to Closing, LWS will amend its Limited Liability Company Agreement to create the Special A Shares with the rights contemplated above, and Stockholders will form Great Lakes Holdings, L.L.C., a Delaware limited liability company (**"Great Lakes Holdings"**), to become a party to LWS's amended Limited Liability Company Agreement and hold the Special A Shares. The Limited Liability Company Agreement of LWS dated the date hereof shall, upon execution and delivery thereof, supersede this Section.

Section 1.6. **Net Current Assets; Third Party Debt.** As of the Closing Date, Great Lakes covenants that it shall have net current assets determined in accordance with generally accepted accounting principles (**"GAAP"**; except that the current portion of long term debt shall not be included and all unearned revenue shall be included therein) of $260,000, after giving effect to the transactions contemplated by clause (iv) of Section 1.4 and the first sentence of this Section. If such net current assets exceed $260,000 as of the Closing Date, Great Lakes may distribute to Stockholders an amount of cash sufficient to reduce net current assets of Great Lakes as of the Closing Date to $260,000. If such net current assets of Great Lakes is less than $260,000 as of the Closing Date, Stockholders shall contribute to Great Lakes an amount of cash sufficient to increase net current assets of Great Lakes as of the Closing Date to $260,000. LWS will repay Great Lakes debt identified on Schedule 1.6 with cash at Closing up to $2,400,000. Stockholders shall cause Great Lakes to have no more than $2.4 million in third party debt on the Closing Date. To the extent that third party debt is less than $2.4 million at Closing, then LWS shall pay an amount equal to such deficiency to Stockholders but only to the extent that the net current asset test above can still be met. To the extent that the parties are unable on the Closing Date to completely resolve all accounts as of the Closing Date, they shall make their best estimate thereof before Closing and make payments on the Closing Date based upon such estimates and shall finalize the calculations thereof and settle any resulting differences within 60 days after the Closing Date.

Section 1.7. **Closing.** The consummation of the purchase and sale of the Shares and the other transactions contemplated hereby (the **"Closing"**) shall take place at 10:00 a.m., local time, on September 16, 1997 at the office of Kirkpatrick & Lockhart LLP, 1500 Oliver Building, Pittsburgh, PA 15222, or at such other time, date or place as the parties agree (the **"Closing Date"**).

Section 1.8. **Allocation.** The parties agree that 37% of the Shares are being exchanged for the $1,110,000 in cash and the Promissory Note pursuant to clauses (i) and (ii) of Section 1.4 and that 63% of the Shares are being contributed to the capital of LWS in exchange for the Special A Shares pursuant to clause (iii) of Section 1.4.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES
OF SELLERS AND THE COMPANY

Each Stockholder and Great Lakes jointly and severally represents and warrants to LWS as follows:

Section 2.1. **Organization.** Great Lakes is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, has the corporate power and authority to own or lease its properties, carry on its business as now conducted, enter into this Agreement and the other agreements or documents contemplated under this Agreement to be executed and delivered in connection with the transactions contemplated by this Agreement (**"Other Agreements"**) and perform its obligations under this Agreement and under the Other Agreements. Great Lakes has never been a party to a merger, consolidation, combination or division under any state law. Great Lakes is not required to qualify as a foreign corporation in any jurisdiction.

Section 2.2. **Authorization; Enforceability.** This Agreement and each Other Agreement to which Stockholders or Great Lakes, or any of them, is a party have been duly executed and delivered by and constitute the legal, valid and binding obligations of such party, enforceable against it in accordance with their respective terms. Each Other Agreement to which Stockholders or Great Lakes, or any of them, are to become a party pursuant to the provisions of this Agreement, when executed and delivered by such party, will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with the terms of such Other Agreement. All actions contemplated by this Section have been duly and validly authorized by all necessary proceedings by Stockholders and Great Lakes.

Section 2.3. **Shares; Capitalization.** The authorized capital stock of Great Lakes consists solely of Two Thousand Five Hundred (2,500) shares of common stock, One Hundred Dollars ($100) par value per share, of which One Hundred Forty (140) shares are issued and outstanding (the **"Shares"**) and Two Thousand Three Hundred Sixty (2,360) are held in its treasury. The Shares constitute all of the issued and outstanding shares of capital stock of Great Lakes. All of the Shares are owned of record, legally, beneficially and exclusively by Stockholders in the amounts identified on Schedule 2.3. The Shares are free and clear of any and all Encumbrances (defined below), and upon delivery of the Shares under this Agreement, LWS will acquire good and valid legal and exclusive title thereto, free and clear of any and all Encumbrances. There are no Security Rights (defined below) relating to any of the Shares. All rights and powers to vote the Shares are held exclusively by Stockholders. All of the Shares are validly issued, fully paid and nonassessable, were not issued in violation of the terms of any agreement or other understanding, and were issued in compliance with all applicable federal and state securities or "blue sky" laws and regulations. For purposes of this Agreement, **"Encumbrance"** means any liability, debt, mortgage, deed of trust, pledge, security interest, encumbrance, option, right of first refusal, agreement of sale, adverse claim, easement, lien, lease, assessment, restrictive covenant, encroachment, right-of-way, burden or charge of any kind or nature whatsoever or any item similar or related to the foregoing. For purposes of this Agreement, **"Security Right"** means any option, warrant, subscription right, preemptive right,

other right, proxy, put, call, demand, plan, commitment, agreement, understanding or arrangement of any kind relating to such security, whether issued or unissued, or any other security convertible into or exchangeable for any such security. **"Security Right"** includes any right relating to issuance, sale, assignment, transfer, purchase, redemption, conversion, exchange, registration or voting and includes rights conferred by statute, by the issuer's charter documents or by agreement. Stockholders will or shall on the date hereof own all of the limited liability company members' interests in Great Lakes Holdings.

Section 2.4. **Subsidiaries and Investments.** Great Lakes does not own, nor has it ever owned, any shares of capital stock of or other equity interest in any corporation, partnership, joint venture or other entity, except that Great Lakes previously owned an interest in Metro Recycling, Inc.

Section 2.5. **No Violation of laws or Agreements; Consents.** Neither the execution and delivery of this Agreement or any Other Agreement to which Stockholders or Great Lakes, or any of them, are or are to become a party, the consummation of the transactions contemplated under this Agreement or under the Other Agreements nor the compliance with or fulfillment of the terms, conditions or provisions of this Agreement or of the Other Agreements by Stockholders or Great Lakes, or any of them, will: (i) contravene any provision of the charter documents Great Lakes, (ii) conflict with, result in a breach of, constitute a default or an event of default (or an event that might, with the passage of time or the giving of notice or both, constitute a default or event of default) under any of the terms of, result in the termination of, result in the loss of any right under, or give to any other person the right to cause such a termination of or loss under, any asset of Great Lakes, including any Permit (defined below), indenture, mortgage or any other contract, agreement or instrument to which any Stockholder or Great Lakes is a party or by which any of their assets may be bound or affected, (iii) result in the creation, maturation or acceleration of any liability or obligation of Stockholders or Great Lakes (or give to any other person the right to cause such a creation, maturation or acceleration), (iv) violate any law or violate any judgment or order of any governmental body to which Stockholders or Great Lakes are subject or by which any of their respective assets may be bound or affected, or (v) result in the creation or imposition of any Encumbrance upon any of the Shares or any asset of Stockholders or Great Lakes or give to any other person any interest or right therein. No consent, approval or authorization of, or registration or filing with, any person is required in connection with the execution or delivery by Stockholders or Great Lakes, or any of them, of this Agreement or any of the Other Agreements to which any of them, is or is to become a party pursuant to the provisions of this Agreement or the consummation by Stockholders or Great Lakes, or any of them, of the transactions contemplated under this Agreement or under the Other Agreements.

Section 2.6. **Financial Information.** The books of account and related records of Great Lakes reflect accurately and in detail its assets, liabilities, revenues, expenses and other transactions. Attached as Exhibit B is the balance sheet and statement of operations for Great Lakes at August 31, 1996 and for the year then ended and the interim balance sheet and statement of operations for Great Lakes at July 31, 1997 and for the periods then ended (collectively, the **"Great Lakes Financial Statements"**). The Great Lakes Financial Statements (i) are accurate, correct and complete in accordance with the books of account and records of Great Lakes, (ii) have been prepared in accordance with GAAP on a consistent basis throughout the indicated

periods, except that they contain no footnotes and the interim financial statements contain no year-end adjustments, and (iii) present fairly the financial condition, assets and liabilities and results of operation of Great Lakes at the dates and for the relevant periods indicated in accordance with GAAP. All references herein to **"Balance Sheet Date"** mean Great Lakes' August 31, 1996 balance sheet.

Section 2.7. **Undisclosed Liabilities.** Great Lakes has no debt, obligation or liability, absolute, fixed, contingent or otherwise, of any nature whatsoever, whether due or to become due, including any unasserted claim, whether incurred directly or by any predecessor thereto, and whether arising out of any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition, except: (i) those reflected or reserved against on the Balance Sheet in the amounts shown therein; (ii) those not required under GAAP to be reflected or reserved against in the Balance Sheet that are expressly quantified and set forth in the Contracts identified pursuant to Section 1.13; and (iii) those incurred in the ordinary course of business since the Balance Sheet Date consistent in amount and nature to those identified on the Balance Sheet.

Section 2.8. **No Changes.** Since the Balance Sheet Date, Great Lakes has conducted its business only in the ordinary course. During the last year, there has not been any: (i) adverse change in the financial condition, assets, liabilities, net worth, business or prospects of Great Lakes; (ii) damage or destruction to any material asset of Great Lakes, whether or not covered by insurance; (iii) increase in the salary, wage or bonus of any employee of Great Lakes; (iv) asset acquisition or expenditure, including capital expenditure, in excess of $25,000 in the aggregate, other than the purchase of inventory in the ordinary course of business; (v) payment to or transaction with any Related Party (defined below), which payment or transaction is not specifically disclosed in the Great Lakes Financial Statements; (vi) disposition of any asset for more than $25,000 in the aggregate or for less than fair market value; (vii) payment, prepayment or discharge of any liability other than in the ordinary course of business or any failure to pay any liability when due; (viii) write-offs or write-downs of any assets of Great Lakes in excess of $10,000 in the aggregate; or (ix) agreement or commitment to do any of the foregoing. For purposes of this Agreement, **"Related Party"** means with respect to any person, (i) the equity owners of such person, (ii) any Affiliate of such person, (iii) any officer or director of any person identified in clauses (i) or (ii) preceding, and (iv) any spouse, sibling, ancestor or lineal descendant of any natural person identified in any one of the preceding clauses. For purposes of this Agreement, **"Affiliate"** means, with respect to any person, any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such person.

Section 2.9. **Taxes.** Great Lakes has filed or caused to be filed on a timely basis, or will file or cause to be filed on a timely basis, all Tax Returns (defined below) that are required to be filed by it prior to or on the Closing Date, pursuant to the law of each governmental authority with taxing power over it. All such Tax Returns were or will be, as the case may be, correct and complete. Great Lakes has paid all Taxes that have become due as shown on such Tax Returns or pursuant to any assessment received as an adjustment to such Tax Returns. Great Lakes is not currently the beneficiary of any extension of time within which to file any Tax Return. For purposes of this Agreement, **"Tax"** means any federal, state, county or local tax, levy, impost or

other charge of any kind whatsoever, including any interest or penalty thereon or addition thereto, whether disputed or not, and **"Tax Return"** means any return, declaration, report, claim for refund, or information return or statement relating to any Tax, including any schedule or attachment thereto, and including any amendment thereof. Great Lakes has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party. There is no pending, or, to the knowledge of Stockholders or Great Lakes, threatened or anticipated, assessment of any additional Tax against Great Lakes. Great Lakes has not waived any statute of limitations in respect of any Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency for any taxable period. No Tax audit or examination is now pending or currently in progress with respect to Great Lakes, except the current federal income tax and sales tax audits. Great Lakes has not made any payment, nor is it obligated to make any payment, nor is it a party to any agreement that under certain circumstances could obligate it to make any payment, that will not be deductible under Sections 280G or 162(m) of the Code. Great Lakes has never been (nor does it have any liability for unpaid Taxes because it once was) a member of an affiliated or consolidated group of companies under the Code. Great Lakes is not and has not been during the applicable period specified in Code Section 897(c)(1)(A)(ii) a United States real property holding corporation as defined in Code Section 897(c)(2).

Section 2.10. Receivables. All trade and other accounts receivable of Great Lakes (**"Receivables"**), whether reflected on the Balance Sheet or created after the Balance Sheet Date, arose from bona fide sale transactions of Great Lakes, and no portion of any Receivable is subject to counterclaim, defense or set-off or is otherwise in dispute and will be fully collected within 60 days after having been created using commercially reasonable efforts.

Section 2.11. Condition of Assets; Title; Business. Great Lakes is engaged in the municipal waste hauling business and no other business. The equipment, trucks and containers of Great Lakes, including those reflected on the Balance Sheet, are in good operating condition and repair and are suitable for the purposes for which they are used in Great Lakes' business. Great Lakes has good, marketable and exclusive title to all of its assets; all of such assets are reflected on the Balance Sheet or, under GAAP, are not required to be reflected thereon; such assets include all assets that are necessary for use in and operation of Great Lakes' business; and none of such assets is subject to any Encumbrance. Schedule 2.11 identifies all of Great Lakes' assets.

Section 2.12. No Pending Litigation or Proceedings. No action, suit, investigation, claim or proceeding of any nature or kind whatsoever, whether civil, criminal or administrative (except the current federal income tax and sales tax audits), by or before any governmental body or arbitrator (**"Litigation"**) is pending or, to the knowledge of Stockholders and Great Lakes, threatened against or affecting Great Lakes, its business, any of Great Lakes' assets, any of the Shares, or any of the transactions contemplated by this Agreement or any Other Agreement, and, to Stockholders' knowledge, there is no basis for any Litigation. Great Lakes has not been a party to any other Litigation during the past two years. There is presently no outstanding judgment, decree or order of any governmental body against or affecting Great Lakes, its business, any of Great Lakes' assets, any of the Shares, or any of the transactions contemplated by this Agreement or any Other Agreement. Great Lakes does not have pending any Litigation against any third party.

Section 2.13. Contracts; Compliance. Schedule 2.13 identifies each material contract, lease, indenture, mortgage, instrument, commitment or other agreement, arrangement or understanding, oral or written, formal or informal, to which Great Lakes is a party or by which it or its assets may be affected, including any agreements for barter, other than agreements relating to indebtedness being paid off at Closing (each, a **"Contract"** and collectively, the **"Contracts"**). Each Contract is a legal, valid and binding obligation of Great Lakes and is in full force and effect. Great Lakes and each other party to each Contract has performed all obligations required to be performed by it thereunder and is not in breach or default, and is not alleged to be in breach or default, in any respect thereunder, and no event has occurred and no condition or state of facts exists (or would exist upon the giving of notice or the lapse of time or both) that would become or cause a breach, default or event of default thereunder, would give to any person the right to cause such a termination or would cause an acceleration of any obligation thereunder. Great Lakes is not currently renegotiating any Contract nor has Great Lakes received any notice of non-renewal or price changes with respect to any Contract. Neither Great Lakes, Stockholders nor any other person has any performance, surety or other bonds outstanding with respect to Great Lake's business.

Section 2.14. Permits; Compliance With law. Great Lakes holds all permits, certificates, licenses, franchises, privileges, approvals, registrations and authorizations required under any applicable law or otherwise advisable in connection with the operation of its assets and business (each, a **"Permit"** and collectively, **"Permits"**). All material Permits are identified on Schedule 2.14. Each Permit is valid, subsisting and in full force and effect. Great Lakes is in compliance with and has fulfilled and performed its obligations under each Permit, and no event or condition or state of facts exists (or would exist upon the giving of notice or lapse of time or both) that could constitute a breach or default under any Permit. Great Lakes is not currently in violation of any law and has received no notice of any violation of law, and no event has occurred or condition or state of facts exists that could give rise to any such violation. Great Lakes has not received any notice of non-renewal of any Permit. Great Lakes handles no residential waste at its transfer station.

Section 2.15. Real Property. Stockholders have identified on Schedule 2.15 all real properties currently owned, used or leased by Great Lakes or in which Great Lakes has an interest (collectively, the **"Real Property"**) and the record title holder of all of the Real Property. Great Lakes has good and marketable fee simple title to all Real Property owned by it, free and clear of all Encumbrances. Copies of all title insurance policies written in favor of Great Lakes and all surveys relating to the Real Property owned by Great Lakes have been delivered to LWS. All structures and other improvements on all Real Property owned by Great Lakes are within the lot lines and do not encroach on the properties of any other person, and the use and operation of all Real Property conform to all applicable building, zoning, safety and subdivision laws, environmental laws and other laws, and all restrictive covenants and restrictions and conditions affecting title. No portion of any Real Property is located in a flood plain, flood hazard area or designated wetlands area. Great Lakes has not received any written or oral notice or order by any governmental body or any insurance company that has issued a policy with respect to any of such properties or any board of fire underwriters or other body exercising similar functions that (i) relates to violations of building, safety or fire ordinances or regulations, (ii) claims any defect

or deficiency with respect to any of such properties or (iii) requests the performance of any repairs, alterations or other work to or in any of such properties or in the streets bounding the same. Each parcel of Real Property owned by Great Lakes is considered a separate parcel of land for taxing and conveyancing purposes. There is no pending condemnation, expropriation, eminent domain or similar proceeding affecting all or any portion of the Real Property owned by Great Lakes. All public utilities (including water, gas, electric, storm and sanitary sewage, and telephone utilities) required to operate the facilities of Great Lakes are available to such facilities, and such utilities enter the boundaries of such facilities through adjoining public streets, easements or rights-of-way of record in favor of Great Lakes. Such public utilities are all connected pursuant to valid permits, are all in good working order and are adequate to service the operations of such facilities as currently conducted and permit full compliance with all requirements of Law. Great Lakes has not received any written notice of any proposed, planned or actual curtailment of service of any utility supplied to any facility of Great Lakes. All Real Property used by Great Lakes has access to a publicly opened street. Great Lakes has the right to quiet enjoyment of all Real Property leased by it for the full term, including all renewal rights, of the lease or similar agreement relating thereto. Great Lakes has not received any written or oral notice of assessments for public improvements or condemnation against any Real Property. Great Lakes has never owned, leased or used any real property other than the Real Property.

Section 2.16. Transactions With Related Parties. No Related Party is a party to any transaction, agreement or understanding with Great Lakes except for dividends properly reflected as such in the Great Lakes Financial Statements. No Related Party uses any assets of Great Lakes except directly in connection with its business, and no Related Party owns any asset used in its business. No Related Party has any claim of any nature, including any inchoate claim, against Great Lakes, and Great Lakes has no claim of any nature, including any inchoate claim, against any Related Party. Except as otherwise may be mutually agreed in this Agreement, Other Agreement or after Closing, (i) no Related Party will at any time after Closing for any reason, directly or indirectly, be or become entitled to receive any payment or transfer of money or other property of any kind from Great Lakes, and (ii) Great Lakes will not at any time after Closing for any reason, directly or indirectly, be or become subject to any obligation to any Related Party.

Section 2.17. Labor Relations. The relations of Great Lakes with its employees are good. No arbitration proceeding, grievance, labor strike, dispute, slowdown, stoppage or other labor trouble is pending or, to the knowledge of Stockholders or Great Lakes, threatened against, involving, affecting or potentially affecting Great Lakes. No complaint against Great Lakes is pending or, to the knowledge of Stockholders or Great Lakes, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission or any similar state or local agency, by or on behalf of any employee of Great Lakes. Great Lakes has no contingent liability for sick leave, vacation time, severance pay or any similar item not fully reserved on the Balance Sheet. Great Lakes has no contingent liability for any occupational disease of any of its employees, former employees or others. Neither the execution and delivery of this Agreement, the performance of the provisions of this Agreement nor the consummation of the transactions contemplated under this Agreement will trigger any severance pay obligation under any contract or under any law.

Section 2.18. Insurance. Schedule 2.18 discloses all insurance policies with respect to which Great Lakes is the owner, insured or beneficiary. Great Lakes will not have any liability after the Closing for retrospective or retroactive premium adjustments.

Section 2.19. Employee Benefits.

(a) Benefit Plans; Great Lakes Plans. Stockholders have disclosed to LWS all written and unwritten "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, and the applicable rulings and regulations thereunder (**"ERISA"**), and any other written and unwritten profit sharing, pension, savings, deferred compensation, fringe benefit, insurance, medical, medical reimbursement, life, disability, accident, post-retirement health or welfare benefit, stock option, stock purchase, sick pay, vacation, employment, severance, termination or other plan, agreement, contract, policy, trust fund or arrangement (each, a **"Benefit Plan"**), whether or not funded and whether or not terminated, (i) maintained or sponsored by Great Lakes, or (ii) with respect to which Great Lakes (or Stockholders with respect to Great Lakes) has or may have liability or is obligated to contribute, or (iii) that otherwise covers any of the current or former employees of Great Lakes or their beneficiaries, or (iv) as to which any such current or former employees or their beneficiaries participated or were entitled to participate or accrue or have accrued any rights thereunder (each, a **"Great Lakes Plan"**).

(b) Great Lakes Group Matters; Funding. Neither Great Lakes nor any corporation that may be aggregated with Great Lakes under Sections 414(b), (c), (m) or (o) of the Code (the **"Great Lakes Group"**) has any obligation to contribute to or any direct or indirect liability under or with respect to any Benefit Plan of the type described in Sections 4063 and 4064 of ERISA or Section 413(c) of the Code. Great Lakes does not have any liability, and after the Closing Great Lakes will not have any liability, with respect to any Benefit Plan of any other member of Great Lakes Group, whether as a result of delinquent contributions, distress terminations, fraudulent transfers, failure to pay premiums to the Pension Benefit Guaranty Corporation (**"PBGC"**), withdrawal liability or otherwise. No accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code) exists nor has any funding waiver from the Internal Revenue Service (**"IRS"**) been received or requested with respect to any Great Lakes Plan or any Benefit Plan of any member of Great Lakes Group and no excise or other Tax is due or owing because of any failure to comply with the minimum funding standards of the Code or ERISA with respect to any of such plans.

(c) Compliance. Each of Great Lakes Plans and all related trusts, insurance contracts and funds have been created, maintained, funded and administered in all respects in compliance with all applicable laws and in compliance with the plan document, trust agreement, insurance policy or other writing creating the same or applicable thereto. No Great Lakes Plan is or is proposed to be under audit or investigation, and no completed audit of any Great Lakes Plan has resulted in the imposition of any Tax, fine or penalty.

(d) Qualified Plans. Stockholders have disclosed to LWS each Great Lakes Plan that purports to be a qualified plan under Section 401(a) of the Code and exempt from United States federal income tax under Section 501(a) of the Code (a **"Qualified Plan"**). With respect to each

Qualified Plan, a determination letter (or opinion or notification letter, if applicable) has been received from the IRS that such plan is qualified under Section 401(a) of the Code and exempt from federal income tax under Section 501(a) of the Code. No Qualified Plan has been amended since the date of the most recent such letter. No member of Great Lakes Group, nor any fiduciary of any Qualified Plan, nor any agent of any of the foregoing, has done anything that would adversely affect the qualified status of a Qualified Plan or the qualified status of any related trust.

(e) **Defined Benefit Plans.** No Great Lakes Plan is a defined benefit plan within the meaning of Section 3(35) of ERISA (a **"Defined Benefit Plan"**). No Defined Benefit Plan sponsored or maintained by any member of Great Lakes Group has been terminated or partially terminated after September 1, 1974. During the five year period ending on the Closing Date, no member of Great Lakes Group has transferred a Defined Benefit Plan to a corporation that was not, at the time of transfer, related to the transferor in any manner described in Sections 414(b), (c), (m) or (o) of the Code.

(f) **Multiemployer Plans.** No Great Lakes Plan is a multiemployer plan within the meaning of Section 3(37) or Section 4001(a)(3) of ERISA (a **"Multiemployer Plan"**). No member of Great Lakes Group has withdrawn from any Multiemployer Plan or incurred any withdrawal liability to or under any Multiemployer Plan. No Great Lakes Plan covers any employees of any member of Great Lakes Group in any foreign country or territory.

(g) **Prohibited Transactions; Fiduciary Duties; Post-Retirement Benefits.** No prohibited transaction (within the meaning of Section 406 of ERISA and Section 4975 of the Code) with respect to any Great Lakes Plan exists or has occurred that could subject Great Lakes to any liability or Tax under Part 5 of Title I of ERISA or Section 4975 of the Code. No member of Great Lakes Group, nor any administrator or fiduciary of any Great Lakes Plan, nor any agent of any of the foregoing, has engaged in any transaction or acted or failed to act in a manner that will subject Great Lakes to any liability for a breach of fiduciary or other duty under ERISA or any other applicable law. With the exception of the requirements of Section 4980B of the Code, no post-retirement benefits are provided under any Great Lakes Plan that is a welfare benefit plan as described in ERISA Section 3(1).

Section 2.20. **Environmental Matters.**

(a) **Compliance; No Liability.** Great Lakes has operated its business and each parcel of Real Property in compliance with all applicable federal, state and local laws relating to public health and safety or protection of the environment, including common law nuisance, property damage and similar common law theories (**"Environmental Laws"**). Great Lakes is not subject to any liability, penalty or expense (including legal fees) and will not hereafter suffer or incur any loss, liability, penalty or expense (including legal fees) by virtue of any violation of any Environmental Law occurring prior to the Closing, any environmental activity conducted at or prior to the Closing or any environmental condition existing on or with respect to any property at or prior to the Closing, in each case whether or not Great Lakes permitted or participated in such act or omission.

(b) **Treatment; CERCLIS.** Great Lakes has not treated, stored, recycled or disposed of any hazardous substance as defined by any Environmental Law and any other material regulated by any applicable Environmental Law, including, polychlorinated biphenyls, petroleum, petroleum-related material, crude oil or any fraction thereof (**"Regulated Material"**), on any real property other than in accordance with applicable law. There has been no release of and there is not present any Regulated Material at, on or under any Real Property. Great Lakes has not transported any Regulated Material or arranged for the transportation of any Regulated Material to any location that is listed or proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. Sections 6901 et seq., as amended (**"Superfund"**), on the Comprehensive Environmental Response Compensation Liability Information System List pursuant to Superfund (**"CERCLIS"**) or any other location that is the subject of federal, state or local enforcement action or other investigation that may lead to claims against Great Lakes for cleanup costs, remedial action, damages to natural resources, to other property or for personal injury including claims under Superfund. None of the Real Property is listed or, to the knowledge of Stockholders or Great Lakes, proposed for listing on the National Priorities List pursuant to Superfund, CERCLIS or any state or local list of sites requiring investigation or cleanup.

(c) **Notices; Existing Claims; Certain Regulated Materials; Storage Tanks.** Great Lakes has not received any request for information, notice of claim, demand or other notification that it is or may be potentially responsible with respect to any investigation, abatement or cleanup of any threatened or actual release of any Regulated Material. There are no storage tanks located on the Real Property, whether underground or aboveground.

Section 2.21. Customer Relations. There exists no condition or state of facts or circumstances involving Great Lakes' customers that Great Lakes or Stockholders can reasonably foresee could adversely affect its business after the Closing Date. Great Lake's customer list is attached as Exhibit C. Exhibit C also identifies the location of each waste container (boxes) owned by Great Lakes.

Section 2.22. Finders' Fees. Neither Stockholder nor Great Lakes nor any of their respective officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fee, commission or finders' fee in connection with any of the transactions contemplated under this Agreement or by any Other Agreement.

Section 2.23. Securities Matters. As investors in the Special A Shares, Stockholders acknowledge that they and their representatives have been permitted, at their discretion, full and complete access to the books and records, facilities, equipment, tax returns, contracts, insurance policies, inventories, and other assets of LWS that they and their representatives have desired or requested to see or review, and that they and their representatives have had, at their discretion, an opportunity to meet with the officers and employees of LWS to discuss the businesses and assets of LWS. Without limiting the foregoing, Stockholders or their representatives have had an opportunity to interview LWS officers, review the LWS Financial Statements (as defined below) and ask questions about LWS's business and the other matters addressed in Article IV. Each Stockholder is acquiring beneficially through Great Lakes Holdings the Special A Shares for his own account with the intention of holding such Preferred Shares for purposes of investment, and

not as a nominee or agent for any other party, and not with a view to the resale or distribution of any of the Special A Shares, and no Stockholder has any intention of selling the Special A Shares or any interest therein in violation of the federal securities laws or any applicable state securities laws. Stockholders understand that the Special A Shares are not registered under the Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws. Each Stockholder is an "accredited investor" within the meaning of that term as set forth in Rule 501 issued by the Securities and Exchange Commission under the 1933 Act. Stockholders acknowledge that the Special A Shares will be uncertificated securities. The state domicile of each Stockholder is identified on Schedule 2.24.

Section 2.24. Disclosure. None of the representations or warranties of Stockholders and Great Lakes contained herein and none of the information disclosed to LWS is false or misleading in any material respect or omits to state a fact herein or therein necessary to make the statements herein or therein not misleading in any material respect:

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF LWS AS TO CERTAIN FUNDAMENTAL MATTERS

LWS represents and warrants to Stockholders as follows:

Section 3.1. Organization. LWS is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the limited liability company power and authority to own its properties, carry on its business, enter into this Agreement and the Other Agreements to which it is or is to become a party and perform its obligations under this Agreement and under the Other Agreements.

Section 3.2. Authorization; Enforceability. This Agreement and each Other Agreement to which LWS is a party have been duly executed and delivered by and constitute the legal, valid and binding obligations of LWS, enforceable against it in accordance with their respective terms. Each Other Agreement to which LWS is to become a party pursuant to the provisions of this Agreement, when executed and delivered by LWS, will constitute the legal, valid and binding obligation of LWS, enforceable against LWS in accordance with the terms of such Other Agreement. All actions contemplated by this Section have been duly and validly authorized by all necessary proceedings by LWS.

Section 3.3. No Violation of laws; Consents. Neither the execution and delivery of this Agreement or any Other Agreement to which LWS is or is to become a party, the consummation of the transactions contemplated under this Agreement or under the Other Agreements nor the compliance with or fulfillment of the terms, conditions or provisions of this Agreement or of the Other Agreements by LWS will: (i) contravene any provision of the formation documents of LWS, or (ii) violate any law or any judgment or order of any governmental body to which LWS is subject or by which any of its assets may be bound or affected. No consent, approval or authorization of, or registration or filing with, any person is required in connection with the execution or delivery by LWS of this Agreement or any of the Other Agreements to which LWS is or is to become a party pursuant to the provisions of this

Agreement or the consummation by LWS of the transactions contemplated under this Agreement or thereby.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF LWS
AS TO CERTAIN FINANCIAL AND BUSINESS MATTERS

After Closing, Stockholders will hold a beneficial minority investment in LWS through [identify entity's] holding of the Special A Shares. Accordingly, Stockholders desire to receive and LWS hereby provides to Stockholders certain representations and warranties relating to material financial and business matters to give to Stockholders certain basic assurances regarding the overall financial position of LWS and the absence of any material undisclosed liability of LWS:

Section 4.1. **Financial Statements.** LWS has delivered to Stockholders the financial statements of LWS at December 31, 1996 and for the year then ended (the **"LWS Financial Statements"**) as audited by Arthur Andersen LLP. The LWS Financial Statements present fairly in all material respects the financial condition, assets and liabilities and results of operation of LWS at December 31, 1996 and for the year then ended in accordance with GAAP.

Section 4.2. **Transactions With Related Parties.** Except as expressly set forth in the Limited Liability Company Agreement of LWS, for transactions reflected in the LWS Financial Statements, for salaries and other employee benefits to employees of LWS and its subsidiaries, certain credit guarantees to LWS's senior secured lender for arms' length transactions, and otherwise as disclosed in Schedule 4.2, no Related Party (i) is a party to any material transaction, agreement or understanding with LWS, (ii) uses any assets of LWS except directly in connection with its business, (iii) owns any asset used in its business or (iv) has any claim of any nature, including any inchoate claim, against LWS, and LWS has no claim of any nature, including any inchoate claim, against any Related Party.

Section 4.3. **Labor Relations.** No arbitration proceeding, grievance, labor strike, slowdown or stoppage is pending or, to the knowledge of LWS, threatened against, involving, affecting or potentially affecting LWS that would have a material adverse effect on LWS and its subsidiaries considered as a whole (a **"Material Adverse Effect"**). No complaint against LWS is pending or, to the knowledge of LWS, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission or any similar state or local agency, by or on behalf of any employee of LWS that would have a Material Adverse Effect.

Section 4.4. **Finders' Fees.** Neither LWS nor any of its officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fee, commission or finders' fee in connection with any of the transactions contemplated under this Agreement or by any Other Agreement.

Section 4.5. **Undisclosed Liabilities.** LWS has no debt, obligation or liability, absolute, fixed, contingent or otherwise, of any nature whatsoever, whether due or to become due, including any unasserted claim, whether incurred directly or by any predecessor thereto, and whether arising out of any act, omission, transaction, circumstance, sale of goods or services,

state of facts or other condition that would have a Material Adverse Effect, except: (i) those disclosed in the LWS Financial Statements; (ii) those not required under GAAP to be disclosed in the Financial Statements; and (iii) those incurred in the ordinary course of business since the date of the Financial Statements.

Section 4.6. **No Pending Litigation or Proceedings.** There is no Litigation pending or, to the knowledge of LWS, threatened against or affecting LWS, its business or any of LWS' assets that would have a Material Adverse Effect, and there is no Litigation pending, or to the knowledge of LWS, threatened against LWS in connection with the transactions contemplated by this Agreement or any Other Agreement. There is presently no outstanding judgment, decree or order of any governmental body against or affecting LWS, its business, any of LWS' material assets, or any of the transactions contemplated by this Agreement or any Other Agreement that would have a Material Adverse Effect.

Section 4.7. **Permits; Compliance With Law.** LWS holds all material permits, certificates, licenses, franchises, privileges, approvals, registrations and authorizations required under any applicable law or otherwise advisable in connection with the operation of its assets and business (each, a **"Permit"** and collectively, **"Permits"**). LWS is in compliance in all material respects with and has fulfilled and performed its obligations under each Permit, the failure of which would result in a Material Adverse Effect. Except as otherwise disclosed herein, LWS is not currently in violation of any law that would have a Material Adverse Effect.

Section 4.8. **Employee Benefits.** The LWS Financial Statements reflect all material liabilities under any LWS Benefit Plan required under GAAP to be disclosed therein. LWS has not other Benefit Plan liabilities that would have a Material Adverse Effect.

Section 4.9. **Environmental Matters.** The LWS Financial Statements reflect all liabilities for violations under any Environmental Laws required under GAAP to be disclosed therein the failure of which to disclose would have a Material Adverse Effect. Except for violations that would not have a Material Adverse Effect, LWS has operated its business and each parcel of its real property in compliance with all applicable Environmental Laws. LWS has not treated, stored, recycled or disposed of any Regulated Material in violation of applicable law that would have a Material Adverse Effect. LWS has not transported any Regulated Material or arranged for the transportation of any Regulated Material to any location that is listed or proposed for listing on the National Priorities List pursuant to Superfund, on the CERCLIS pursuant to Superfund (**"CERCLIS"**) or any other location that is the subject of federal, state or local enforcement action or other investigation that would have a Material Adverse Effect. LWS has not received any request for information, notice of claim, demand or other notification that it is or may be potentially responsible with respect to any investigation, abatement or cleanup of any threatened or actual release of any Regulated Material that would have a Material Adverse Effect.

ARTICLE V.
CERTAIN COVENANTS

Section 5.1. **Conduct of Business Pending Closing.** From and after the date hereof and until the Closing Date, unless LWS shall otherwise consent in writing, Great Lakes shall, and Stockholders shall cause Great Lakes to, conduct its affairs as follows:

(a) **Ordinary Course; Compliance.** Great Lakes' business shall be conducted only in the ordinary course and consistent with past practice.

(b) **Transactions.** Great Lakes shall not: (i) amend its charter documents; (ii) change its authorized or issued capital stock or issue any Security Rights with respect to shares of its capital stock; (iii) enter into any contract or commitment the performance of which may extend beyond the Closing, except those made in the ordinary course of business, the terms of which are consistent with past practice; (iv) enter into any employment or consulting contract or arrangement that is not terminable at will and without penalty or continuing obligation; (v) fail to pay any Tax or any other liability or charge when due, other than charges contested in good faith by appropriate proceedings; or (vi) take any action or omit to take any action that will cause a breach or termination of any Contract, other than termination by fulfillment of the terms under this Agreement.

(c) **Access, Information and Documents.** Prior to execution and delivery of the Letter Agreement, LWS had a limited opportunity to conduct its due diligence investigation of Great Lakes. Prior to Closing, LWS shall have the right to conduct an extensive due diligence investigation of Great Lakes. LWS may examine all aspects of Great Lakes' business in connection with this investigation. This investigation shall include, but is not limited to, a review of Great Lakes' general accounting records, tax returns, financial statements, equipment, contracts, customer lists, permits, real estate matters, and compliance with legal and environmental matters. It is also agreed that PNC Capital Corp. and Comerica Bank may make a similar due diligence investigation of Great Lakes through LWS. Such entities shall maintain as confidential all information which they may secure on account of or through the due diligence investigations. These investigations will be deemed to be part of LWS's due diligence investigations. Stockholders and Great Lakes shall give to LWS and to LWS's employees and representatives (including accountants, attorneys, environmental consultants and engineers) access during normal business hours to all of the properties, books, Tax Returns, contracts, commitments, records, officers, personnel and accountants (including independent public accountants and their audit workpapers concerning Great Lakes) of Great Lakes and shall furnish to LWS all such documents and copies of documents and all information with respect to the properties, liabilities and affairs of Great Lakes as LWS may reasonably request.

Section 5.2. **Publicity.** Stockholders and LWS shall not issue any press release or otherwise make any announcements to the public or the employees of Great Lakes or other material disclosures with respect to this Agreement without the prior written consent of the other, except as required by law. This Section shall expire on the 10th day after the Closing Date.

Section 5.3. **Fulfillment of Agreements.** Each party hereto shall use its best efforts to cause all of those conditions to the obligations of the other that are not beyond its reasonable control to be satisfied on or prior to the Closing and shall use its best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

Section 5.4. **Covenant Not to Compete.**

(a) **Restrictions.** From and after the Closing Date, Stockholders shall not, unless acting as an officer or employee of Great Lakes or its Affiliates, directly or indirectly, own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, stockholder, partner or otherwise with, any business conducting business under any name similar to the current name of Great Lakes or LWS. For a period of five years from and after the Closing Date, Stockholders shall not, except as an officer or employee of Great Lakes or its Affiliates, directly or indirectly, own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be employed or otherwise connected as an officer, employer, stockholder, partner or otherwise with, any business that at any relevant time during such period directly or indirectly competes with Great Lakes within a fifty mile radius of Blue Island, Illinois, provided that Stockholders may own stock in publicly held competitors of Great Lakes or its affiliates if such ownership does not constitute greater than 5% of the outstanding shares of such competitor.

(b) **Enforcement.** The restrictive covenant contained in this Section is a covenant independent of any other provision of this Agreement and the existence of any claim that Stockholders may allege against any other party to this Agreement, whether based on this Agreement or otherwise, shall not prevent the enforcement of this covenant. Stockholders agree that LWS's remedies at law for any breach or threat of breach by Stockholders of the provisions of this Section will be inadequate, and that LWS shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which LWS may be entitled at law or equity. In the event of litigation regarding this covenant not to compete, the prevailing party in such litigation shall, in addition to any other remedies the prevailing party may obtain in such litigation, be entitled to recover from the other party its reasonable legal fees and out of pocket costs incurred by such party in enforcing or defending its rights under this Agreement. The length of time for which this covenant not to compete shall be in force shall not include any period of violation or any other period required for litigation during which LWS seeks to enforce this covenant. Should any provision of this Section be adjudged to any extent invalid by any competent tribunal, such provision will be deemed modified to the extent necessary to make it enforceable.

Section 5.5. **No Solicitation.** Neither Stockholders nor Great Lakes shall nor shall they permit any of their Affiliates to, directly or indirectly, solicit, initiate or encourage any inquiries or the making of any proposals from, engage or participate in any negotiations or discussions with, provide any confidential information or data to, or enter into or authorize any agreement or understanding with any person or announce any intention to do any of the foregoing, with respect to any offer or proposal to acquire all or any of the Shares or any substantial part of the assets,

properties, or the business of Great Lakes, whether by merger, purchase of capital stock or assets or otherwise.

Section 5.6. **Employment Agreements.** After Closing, Great Lakes shall employ each of Richard H. Dykstra, Richard K. Dykstra, Steve Dykstra and Graham Drenth substantially pursuant to the terms of the Employment Agreements attached hereto as Exhibit D. Great Lakes will also maintain health insurance for Richard H. Dykstra for a period of five years after the Closing Date.

Section 5.7. **Real Estate.** At Closing, Great Lakes shall enter into a Lease Agreement for the scale house and office in substantially the form of Exhibit E, and the fee interest of the real estate identified on Schedule 2.15 shall be transferred to Great Lakes.

Section 5.8. **Illiana Truck & Trailer Company.** Great Lakes will for the next ten (10) years in good faith use the services of Illiana Truck & Trailer Company or its successors or assigns so long as its prices are competitive.

Section 5.9. **Bonuses.** Before Closing, Great Lakes may provide certain bonuses up to $40,000 to certain key employees, subject to the parties' agreement on net current assets in Section 1.6.

Section 5.10. **Financial Statements.** LWS will provide to the holder of the Special A Shares so long as it holds the Special A Shares quarterly financial statements of LWS within 45 days after the end of each calendar quarter and annual audited financial statements (from a "big 6" or a comparable accounting firm) on or before the date LWS provides those statements to its senior secured lender.

Section 5.11. **Board Seat.** LWS will cause one of the Stockholders to be elected to LWS's board of managers for the one-year period after the Closing Date.

Section 5.12. **Securities Matters.** Great Lakes Holdings shall make and hold the investment in the Special A Shares pursuant to a Subscription Agreement in the form of Exhibit F. Stockholders will execute and deliver the Member's Agreement in the form of Exhibit G, and shall cause the charter documents of Great Lakes Holdings to contain a provision restricting the transfer of, any of the equity interests of Great Lakes Holdings or LWS to a competitor of LWS. Stockholders shall cooperate with LWS in causing the issuance of the Special A Shares hereunder to be exempt from registration under the 1933 Act and applicable state securities law.

Section 5.13. **Public Offering.** Stockholders acknowledge that LWS is considering as a possibility at some time in the future an initial public offering of its equity securities (an "IPO") and that in order to do so LWS and its subsidiaries must be converted into corporate form. Stockholders hereby covenant that they will, and that they will cause Great Lakes Holdings to, participate in, permit and vote in favor of any conversion, recapitalization, "roll up," merger or other reorganization of LWS deemed necessary by a majority of LWS's board of managers to prepare LWS for or to position LWS for an IPO, subject to dilution for new investments for fair value as determined by a majority of LWS's board of managers. Stockholders will, and

Stockholders will cause Great Lakes Holdings to cooperate with any underwriters engaged by LWS to underwrite an IPO and to execute and deliver a lock-up agreement with respect to the interest in LWS held by Great Lakes Holdings and any other agreement reasonably requested by such underwriter as necessary for the IPO.

Section 5.14. **Taxes.** Stockholders shall be responsible for filing all Tax returns of Great Lakes, and liable for paying all Taxes related thereto, for all taxable periods of Great Lakes ending on or before the Closing Date, and further Stockholders shall be liable for all Taxes of Great Lakes accruing up to the Closing Date. Stockholders shall have the right to negotiate with the Internal Revenue Service regarding the current federal tax audit and responsible Illinois officials regarding the current sales tax audit, so long as no adjustments are made that would adversely affect Great Lakes after Closing.

ARTICLE VI.
CONDITIONS TO CLOSING; TERMINATION

Section 6.1. **[not used]**

Section 6.2. **[not used]**

Section 6.3. **Deliveries and Proceedings at Closing.**

(a) **Deliveries by Stockholders.** Stockholders are delivering to LWS at the Closing:

(i) Certificates representing the Shares duly endorsed in negotiable form or accompanied by stock powers duly executed in blank with all transfer taxes, if any, paid in full.

(ii) Certificates of the appropriate public officials to the effect that Great Lakes was a validly existing corporation in good standing in its state of incorporation as of a date not more than 10 days prior to the Closing Date.

(iii) True and correct copies of (A) the charter documents (other than the bylaws) of Great Lakes as of a date not more than 10 days prior to the Closing Date, certified by the Secretary of State of Illinois, and (B) the bylaws of Great Lakes as of the Closing Date, certified by its Secretary.

(iv) General releases by all officers and directors of Great Lakes and the Stockholders of all liability of Great Lakes to them and of any claim that they or any of them may have against Great Lakes.

(v) The minute books, stock ledgers and corporate seal of Great Lakes.

(vi) Resignations of the officers and directors of Great Lakes effective at the Closing.

(vii) Opinions of Shawn, Mann & Steinfeld, LLP and Ozinga, Lepore, Campbell & Lord in the form of Exhibit H.

(viii) Documents removing the authority of any person to write checks, make drafts, make withdrawals, etc., on or with respect to any of Great Lakes' bank accounts or investment funds.

(ix) Such other agreements and documents as LWS may reasonably request.

(b) **Deliveries by LWS.** LWS is delivering or causing to be delivered to Stockholders at the Closing:

(i) A certificate of the appropriate public official to the effect that LWS is a validly existing limited liability company in its state of formation as of a date not more than 10 days prior to the Closing Date.

(ii) True and correct copies of the certificate of formation of LWS as of a date not more than 10 days prior to the Closing Date, certified by the Secretary of State of the State of Delaware.

(iii) An opinion of Kirkpatrick & Lockhart LLP in the form of Exhibit I.

(iv) Such other agreements and documents as Stockholders may reasonably request.

Section 6.4. [not used]

ARTICLE VII.
SURVIVAL OF REPRESENTATIONS; INDEMNIFICATION

Section 7.1. **Survival of Representations.** All representations and warranties made by any party in this Agreement (except those contained in Article IV) or pursuant hereto shall survive the Closing for a period of 24 months after the Closing Date, except for those relating to taxes, title to the Shares or any property of Great Lakes and liability by Great Lakes to any governmental body without limitation as to time, but all claims for damages made by virtue of such representations, warranties and agreements shall be made under, and subject to the limitations set forth in, this Article VI. The representations and warranties contained in Article IV shall not survive Closing. The representations and warranties set forth in Articles II and III are cumulative, and any limitation or qualification set forth in any one representation and warranty therein shall not limit or qualify any other representation and warranty therein. After Closing, Great Lakes shall have no liability to Stockholders for any breach of any representation or warranty made by Stockholders or Great Lakes to LWS in this Agreement, in any certificate or document furnished pursuant hereto by Stockholders or Great Lakes or any Other Agreement to which Stockholders or Great Lakes, any of them, is or is to become a party.

Section 7.2. **Indemnification by Stockholders.** Stockholders, and, if there shall be no Closing, Great Lakes, shall indemnify, defend, save and hold LWS and its officers, directors, employees, agents and Affiliates (including, after the Closing, Great Lakes; collectively, **"LWS Indemnitees"**) harmless from and against all demands, claims, allegations, assertions, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs and expenses (including reasonable legal fees, interest, penalties, and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, whether or not any such demands, claims, allegations, etc., of third parties are meritorious; collectively, **"LWS Damages"**) asserted against, imposed upon, resulting to, required to be paid by or incurred by any LWS Indemnitees, directly or indirectly, in connection with, arising out of, which could result in, or which would not have occurred but for, (i) a breach of any representation or warranty made by Stockholders or Great Lakes in this Agreement, in any certificate or document furnished pursuant hereto by Stockholders or Great Lakes or any Other Agreement to which Stockholders or Great Lakes, or any of them, is or is to become a party, (ii) a breach or nonfulfillment of any covenant or agreement made by Stockholders or Great Lakes in or pursuant to this Agreement or in any Other Agreement to which Stockholders or Great Lakes, or any of them, is or is to become a party, (iii) any and all liabilities of Great Lakes of any nature whatsoever, whether due or to become due, whether accrued, absolute, contingent or otherwise, existing on the Closing Date or arising out of any transaction entered into, or any state of facts existing, prior to the Closing Date, except for liabilities fully reserved on the Great Lakes Balance Sheet, but only to the extent reserved therein, and except for liabilities expressly contained in the Contracts, (iv) accumulating overtime not in accordance with applicable law, (v) any Taxes due as a consequence of the current or future audits of Great Lakes by Taxing authorities [placeholder subject to due diligence]. LWS shall be entitled to offset any LWS Damages against its obligations under the Promissory Note and in respect of the Special A Shares (such set-off to be subject to arbitration under the rules of the American Arbitration Association in the event of a dispute).

Section 7.3. **Indemnification by LWS.** LWS shall indemnify, defend, save and hold Stockholders and its officers, directors, employees, Affiliates and agents (collectively, **"Stockholders Indemnitees"**) harmless from and against any and all demands, claims, actions or causes of action, assessments, losses, damages, deficiencies, liabilities, costs and expenses (including reasonable legal fees, interest, penalties, and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, whether or not any such demands, claims, allegations, etc., of third parties are meritorious; collectively, **"Stockholders Damages"**) asserted against, imposed upon, resulting to, required to be paid by or incurred by any Stockholders Indemnitees, directly or indirectly, in connection with, arising out of, which could result in, or which would not have occurred but for, (i) a breach of any representation or warranty made by LWS in this Agreement (other than in Article IV) or in any certificate or document furnished pursuant hereto by LWS or any Other Agreement to which LWS is a party, and (ii) a breach or nonfulfillment of any covenant or agreement made by LWS in or pursuant to this Agreement and in any Other Agreement to which LWS is a party.

Section 7.4. **Notice of Claims.** If any LWS Indemnitee or Stockholders Indemnitee (an **"Indemnified Party"**) believes that it has suffered or incurred or will suffer or incur any LWS Damages or Stockholders Damages, as the case may be (**"Damages"**), for which it is entitled to

indemnification under this Article VII, such Indemnified Party shall so notify the party or parties from whom indemnification is being claimed (the **"Indemnifying Party"**) with reasonable promptness and reasonable particularity in light of the circumstances then existing. If any action at law or suit in equity is instituted by or against a third party with respect to which any Indemnified Party intends to claim any Damages, such Indemnified Party shall promptly notify the Indemnifying Party of such action or suit. The failure of an Indemnified Party to give any notice required by this Section shall not affect any of such party's rights under this Article VII or otherwise except and to the extent that such failure is actually prejudicial to the rights or obligations of the Indemnified Party.

Section 7.5. **Third Party Claims.** The Indemnified Party shall have the right to conduct and control, through counsel of its choosing, the defense of any third party claim, action or suit, and the Indemnified Party may compromise or settle the same, provided that the Indemnified Party shall give the Indemnifying Party advance notice of any proposed compromise or settlement. The Indemnified Party shall permit the Indemnifying Party to participate in the defense of any such action or suit through counsel chosen by the Indemnifying Party, provided that the fees and expenses of such counsel shall be borne by the Indemnifying Party. If the Indemnified Party permits the Indemnifying Party to undertake, conduct and control the conduct and settlement of such action or suit, (i) the Indemnifying Party shall not thereby permit to exist any Encumbrance upon any asset of the Indemnified Party; (ii) the Indemnifying Party shall not consent to any settlement that does not include as an unconditional term thereof the giving of a complete release from liability with respect to such action or suit to the Indemnified Party; (iii) the Indemnifying Party shall permit the Indemnified Party to participate in such conduct or settlement through counsel chosen by the Indemnified Party; and (iv) the Indemnifying Party shall agree promptly to reimburse the Indemnified Party for the full amount of any Damages including fees and expenses of counsel for the Indemnified Party incurred after giving the foregoing notice to the Indemnifying Party and prior to the assumption of the conduct and control of such action or suit by the Indemnifying Party.

Section 7.6. **Attorney's Fees.** In the event of litigation arising out of any alleged default or breach of this Agreement, the prevailing party shall be entitled to recover all reasonable costs and expenses incurred in the prosecution or defense of such litigation (including reasonable attorneys fees and costs). For purposes of this Section, "prevailing party" shall include a party who withdraws or moves to dismiss a claim in consideration for payment received, performance owed, or other consideration and substantial satisfaction of the claim withdrawn or dismissed.

Section 7.7. **Arbitration.** All disputes of the parties hereto with respect to the subject matter herein, except those concerning equitable relief, shall be resolved through arbitration governed by the rules of the American Arbitration Association.

ARTICLE VIII.
MISCELLANEOUS

Section 8.1. **Costs and Expenses.** LWS and Stockholders shall each pay its respective expenses, brokers' fees and commissions, and Stockholders shall pay all of the expenses of Great

Lakes incurred in connection with this Agreement and the transactions contemplated hereby, including all accounting, legal and appraisal fees and settlement charges.

Section 8.2. **Further Assurances.** Stockholders shall, at any time and from time to time on and after the Closing Date, upon request by LWS and without further consideration, take or cause to be taken such actions and execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments, documents, transfers, conveyances and assurances as may be required or desirable for the better conveying, transferring, assigning, delivering, assuring and confirming the Shares to LWS or any of the assets used in Great Lakes's business to Great Lakes.

Section 8.3. **Stockholders' Committee.**

(a) **Appointment.** The Stockholders do hereby, for themselves and their personal representatives and other successors, constitute and appoint a committee of three persons initially to consist of Richard K. Dykstra, Steven W. Dykstra and Graham M. Drenth as their agents and attorneys-in-fact (the **"Stockholders' Committee"**) to take all action required or permitted under this Agreement and any Other Agreement. The vote of a majority of the Stockholders' Committee shall be necessary and sufficient to take any action on behalf of the Stockholders pursuant to the authority granted to them under this Section, and any such action shall bind all Stockholders hereunder.

(b) **Continuance.** In the event of the death, physical or mental incapacity or resignation of any of the members of any of the Stockholders' Committee or a vacancy thereon for any other reason, the remaining members of the Stockholders' Committee shall promptly appoint a further substitute or substitutes and shall advise LWS thereof. As between the Stockholders' Committee and the Stockholders, the members of the Stockholders' Committee shall not be liable for, and shall be indemnified by the Stockholders or provided with insurance against, any good faith error of judgment on their part or any other act done or omitted by them in good faith in connection with their duties as members of such Committee, except for gross negligence or willful misconduct. The Stockholders' Committee may consult with professional advisors of its choice. The Stockholders' Committee shall not be responsible for the genuineness or validity of any document and shall have no liability for acting in accordance with any written instructions given to them and believed by them to be signed by the proper parties. All expenses incurred by the members of the Stockholders' Committee in performing their duties (including fees and expenses of professional advisors) and any indemnification to be provided to the Stockholders' Committee shall be jointly and severally borne by the Stockholders.

(c) **Reliance.** LWS shall be entitled to rely exclusively upon any communications given by the Stockholders' Committee on behalf of all Stockholders, and shall not be liable for any action taken or not taken in reliance upon the Stockholders' Committee. LWS shall be entitled to disregard any notices or communications given or made by the Stockholder unless given or made through the Stockholders' Committee.

Section 8.4. **Notices.** All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given or made (i) the

second business day after the date of mailing, if delivered by registered or certified mail, postage prepaid, (ii) upon delivery, if sent by hand delivery, (iii) upon delivery, if sent by prepaid courier, with a record of receipt, or (iv) the next day after the date of dispatch, if sent by cable, telegram, facsimile or telecopy (with a copy simultaneously sent by registered or certified mail, postage prepaid, return receipt requested), to the parties at the following addresses:

(i) if to LWS, to:

Liberty Waste Services Limited, L.L.C.
CNG Tower, Suite 3100
625 Liberty Avenue
Pittsburgh, PA 15222-3124
Telecopy: (412) 562-0248

with a required copy to:
Kirkpatrick & Lockhart LLP
1500 Oliver Building
Pittsburgh, PA 15222-2312
Attn: David L. Forney, Esq.
Telecopy: (412) 355-6501

(ii) if to Stockholders, to:

Richard K. Dykstra
3000 Lakeside Drive
Highland, Indiana 46322
Telecopy: (708) 388-1609

with a required copy to:

Shawn, Mann & Steinfeld, LLP
1850 M Street, N. W., Suite 280
Washington, D.C. 20036-5803
Attn: William H. Shawn, Esq.
Telecopy: (202) 887-0829

Notices to Great Lakes shall be addressed in care of Stockholders before Closing and in care of LWS after Closing. Any party hereto may change the address to which notice to it, or copies thereof, shall be addressed, by giving notice thereof to the other parties hereto in conformity with the foregoing.

Section 8.5. **Currency.** All currency references herein are to United States dollars.

Section 8.6. **Offset; Assignment; Governing law.** Notwithstanding anything else herein to the contrary, LWS shall be entitled to offset or recoup from any amounts due to Stockholders from LWS hereunder or under any Other Agreement (including amounts due under

the Promissory Note and in respect of the Preferred Shares) against any obligation of Stockholders to LWS hereunder or under any Other Agreement. This Agreement and all the rights and powers granted hereby shall bind and inure to the benefit of the parties hereto and their respective permitted successors and assigns. This Agreement and the rights, interests and obligations hereunder may not be assigned by any party hereto without the prior written consent of the other parties hereto, except that LWS may make such assignments to any Affiliate of LWS or an assignment hereof in connection with any merger, combination, recapitalization, reorganization or sale of substantially all of the assets of LWS or its affiliates. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflict of law doctrines.

Section 8.7. **Amendment and Waiver; Cumulative Effect.** To be effective, any amendment or waiver under this Agreement must be in writing and be signed by the party against whom enforcement of the same is sought. Neither the failure of any party hereto to exercise any right, power or remedy provided under this Agreement or to insist upon compliance by any other party with its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof shall constitute a waiver by such party of its right to exercise any such right, power or remedy or to demand such compliance. The rights and remedies of the parties hereto are cumulative and not exclusive of the rights and remedies that they otherwise might have now or hereafter, at law, in equity, by statute or otherwise.

Section 8.8. **Entire Agreement; No Third Party Beneficiaries.** This Agreement and the Schedules and Exhibits set forth all of the promises, covenants, agreements, conditions and undertakings between the parties hereto with respect to the subject matter hereof, and supersede all prior or contemporaneous agreements and understandings, negotiations, inducements or conditions, express or implied, oral or written, including the Letter of Intent. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder, except the provisions of Sections 7.2 and 7.3 relating to LWS Indemnitees and Stockholders Indemnitees.

Section 8.9. **Severability.** If any term or other provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced under any rule of law in any particular respect or under any particular circumstances, such term or provision shall nevertheless remain in full force and effect in all other respects and under all other circumstances, and all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.10. **Construction**. As used herein, unless the context otherwise requires: (i) references to **"Article"** or **"Section"** are to an article or section hereof; (ii) all **"Exhibits"** and **"Schedules"** referred to herein are to Exhibits and Schedules attached hereto and are incorporated herein by reference and made a part hereof; (iii) "include", "includes" and "including"

are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; and (iv) the headings of the various articles, sections and other subdivisions hereof are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

Section 8.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall be deemed to be one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

STOCKHOLDERS:

Attorney-In-Fact
Richard H. Dykstra
For Richard H. Dykstra

Richard K. Dykstra

Attorney-In-Fact
Bernard C. Drenth
For Bernard C. Drenth

Steven W. Dykstra

Attorney-In-Fact
Richard C. Drenth
For Richard C. Drenth

Attorney-In-Fact
Stephanie Drenth Holt
For Stephanie Drenth Holt

Attorney-In-Fact
Graham M. Drenth
For Graham M. Drenth

LIBERTY WASTE SERVICES LIMITED, L.L.C.

By:

Title: President

GREAT LAKES DISPOSAL SERVICE, INC.

By: _____

Title: Secretary

Spousal Consents

The undersigned, spouses of one or more of the foregoing individuals, hereby consent to the foregoing Agreement, and waives any rights or claims that the undersigned may have against the Shares, Great Lakes, Buyer, and their respective affiliates and successors.

Shirley M. Dykstra

_____

_____

_____

_____

_____

Spousal Consents

The undersigned, spouses of one or more of the foregoing individuals, hereby consent to the foregoing Agreement, and waives any rights or claims that the undersigned may have against the Shares, Great Lakes, Buyer, and their respective affiliates and successors.

Joellen Dykstra

_____

_____

_____

_____

_____

Spousal Consents

The undersigned, spouses of one or more of the foregoing individuals, hereby consent to the foregoing Agreement, and waives any rights or claims that the undersigned may have against the Shares, Great Lakes, Buyer, and their respective affiliates and successors.

_____

_____

Henrietta A. Dreith

_____

_____

_____

Spousal Consents

The undersigned, spouses of one or more of the foregoing individuals, hereby consent to the foregoing Agreement, and waives any rights or claims that the undersigned may have against the Shares, Great Lakes, Buyer, and their respective affiliates and successors.

_____

_____

_____

Deanne J. Apostra

_____

_____

Spousal Consents

The undersigned, spouses of one or more of the foregoing individuals, hereby consent to the foregoing Agreement, and waives any rights or claims that the undersigned may have against the Shares, Great Lakes, Buyer, and their respective affiliates and successors.

_____

_____

_____

_____

X Marilyn Drexler

_____

Spousal Consents

The undersigned, spouses of one or more of the foregoing individuals, hereby consent to the foregoing Agreement, and waives any rights or claims that the undersigned may have against the Shares, Great Lakes, Buyer, and their respective affiliates and successors.

_____

_____

_____

_____

_____

AMERICAN DISPOSAL SERVICES, INC.

A SUBSIDIARY OF ALLIED WASTE INDUSTRIES, INC.

ACQUISITION OF

LIBERTY WASTE SERVICES LIMITED, L.L.C.

NOVEMBER 4, 1998

VOLUME I

AGREEMENT OF MERGER

This AGREEMENT OF MERGER (this "**Agreement**"), dated as of September 23, 1998, is entered into by and among LIBERTY WASTE SERVICES LIMITED, LLC, a Delaware limited liability company (the "**Company**"), those MEMBERS of the Company who have executed, or will prior to Closing (as defined below) execute, counterpart signature pages to this Agreement, and AMERICAN DISPOSAL SERVICES, INC., a Delaware corporation ("**ADS**"), AMERICAN DISPOSAL SERVICES OF ILLINOIS, INC., a Delaware corporation and a wholly-owned subsidiary of ADS ("**ADS-Illinois**"), and AMERICAN MERGER AND ACQUISITION CORP., a transitory and wholly-owned subsidiary of ADS-Illinois ("**American Acquisition**"; and collectively with ADS and ADS-Illinois, the "**Buyer**").

WITNESSETH:

WHEREAS, the Company has the following limited liability company interests (the "LLC Interests") authorized and outstanding as of the date hereof: 2,473,183 Common Shares, 1,000,000 Preferred Shares, 261,552 Special A Shares and 44,090 Special B Shares (and an outstanding option to acquire an additional 32,258 Common Shares);

WHEREAS, ADS has authorized for issuance (i) 60,000,000 shares of Common Stock, par value $.01 per share ("**ADS Common Stock**"), authorized for issuance, of which 24,478,606 shares were issued and outstanding at the close of business on September 9, 1998; and (ii) 5,000,000 shares of undesignated preferred stock, none of which is issued and outstanding as of the date hereof;

WHEREAS, American Acquisition has 1,000 shares of Common Stock, $.01 par value ("**American Acquisition Common Stock**"), authorized for issuance, 100 shares of which are issued and outstanding on the date hereof, all of which are owned of record and beneficially by ADS-Illinois, and all the issued and outstanding shares of capital stock of ADS-Illinois are owned of record and beneficially by ADS;

WHEREAS, the Boards of Directors of Buyer and ADS and the sole shareholder of American Acquisition, on the one hand, and the Board of Managers of the Company and at least a majority of the those persons (the "**Members**") who are holders of the LLC Interests, on the other hand, have approved the merger of American Acquisition with and into the Company (the "**Merger**") pursuant to this Agreement of Merger, with the Company being the surviving limited liability company of such Merger (the "**Surviving LLC**");

WHEREAS, for accounting purposes, it is intended that the Merger shall be accounted for as a "pooling-of-interests" in accordance with generally accepted accounting principles and the rules, regulations and interpretation of the Securities and Exchange Commission ("**SEC**"); and

WHEREAS, for federal income tax purposes, it is intended that the Merger shall be a taxable transfer of the Company's limited liability company interests to ADS-Illinois under the Code (as defined below);

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, OF THE REPRESENTATIONS, WARRANTIES, COVENANTS AND MUTUAL AGREEMENTS HEREINAFTER CONTAINED AND OF OTHER GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1.
DEFINITIONS

The terms defined in this Article 1, whenever used herein (including without limitation in the Exhibits and Disclosure Schedule hereto), shall have the following meanings for all purposes of this Agreement:

"**AAA**" has the meaning given to it in Section 9.4(b).

"**ADS**" has the meaning given to it in the caption hereof.

"**ADS Average Common Stock Value**" the average closing price for shares of ADS Common Stock (or, if the Closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste) as reported on the NASDAQ National Market System for the 10 consecutive trading days ending on the fourth trading day immediately preceding the Closing Date.

"**ADS Common Stock**" has the meaning given to it in the recitals hereto.

"**ADS-Illinois**" has the meaning given to it in the caption hereof.

"**ADS Shares**" means the shares of ADS Common Stock (or, if the Closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste) to be issued as Merger Consideration hereunder.

"**Affiliate**" of a Person means any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such Person.

"**Agreement**" means this agreement among the parties set forth on the first page hereof, including all Exhibits and the Disclosure Schedule hereto.

"**Allied Waste**" means Allied Waste Industries, Inc., a Delaware corporation.

"**Allied Waste Merger Agreement**" means the Agreement and Plan of Merger dated August 10, 1998 among ADS, Allied Waste and AWIN II Acquisition Corporation.

"**American Acquisition**" has the meaning given to it in the caption hereof.

"**American Acquisition Common Stock**" has the meaning given to it in the recitals hereto.

"**Balance Sheet Date**" means August 31, 1998.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are required or authorized by law to be closed.

"**Buyer**" has the meaning given to it in the caption hereof.

"**Buyer Claimant**" has the meaning given to it in Section 8.2 hereof.

"**CERCLA**" has the meaning given to it in Section 3.17(b) hereof.

"**Certificate of Merger**" has the meaning given to it in Section 2.2 hereof.

"**Claims**" has the meaning given to it in Section 8.2 hereof.

"**Claimant**" means the party seeking indemnification under Section 8.5(a) hereof.

"**Closing**" means the consummation of the transactions contemplated hereby on the Closing Date.

"**Closing Date**" means the fifth Business Day after the satisfaction or waiver of all of the conditions set forth in Article VII hereto, or such other date as the parties may mutually agree.

"**Code**" means the Internal Revenue Code of 1986, as amended, together with the Treasury Regulations promulgated thereunder.

"**Company**" has the meaning given to it in the caption hereof.

"**Company's Closing Debt**" means the debt for borrowed money and other debt of the Company and its subsidiaries described on Schedule 1 to the Disclosure Schedule on a consolidated basis as of the Closing Date and any obligation to make payment upon redemption or repurchase of LLC Interests.

"**Company LLC Agreement**" has the meaning given to it in Section 2.3(a) hereof.

"**Consent**" means any consent, approval, authorization, license or order of, registration, declaration or filing with, or notice to, or waiver from, any federal, state, local, foreign or other Governmental Entity or any Person, including, without limitation, any security holder or creditor which is necessary to be obtained, made or given by any of the Members, the Company or its subsidiaries in connection with the execution and delivery by the Members and the Company of this Agreement, the performance by the Members and the Company of their obligations hereunder and the consummation of the transactions contemplated hereby.

"**DGCL**" has the meaning given to it in Section 2.1 hereof.

"**DLLCA**" has the meaning given to it in Section 2.1 hereof.

"**Debt Merger Consideration Adjustment**" has the meaning given to it in Section 2.6(b)(i) hereof.

"**Disclosure Schedule**" means the disclosure schedules attached to this Agreement, and includes but is not limited to each of the Schedules expressly referred to in Article 3.

"**Effective Time**" has the meaning given to it in Section 2.2 hereof.

"**Employee Benefit Plan**" means any employee benefit plan within the meaning of Section 3(3) of ERISA and any other bonus, deferred compensation, pension, profit-sharing, retirement, stock purchase, stock option, stock appreciation, other forms of equity or incentive compensation, excess benefit, supplemental pension insurance, disability, medical, health supplemental unemployment, vacation benefits, severance, life, fringe benefit, flexible benefit, change in control, employment or post-retirement welfare, insurance, compensation or benefit, welfare or any other employee benefit plans, arrangements or practices, whether written or oral, insured or self-insured: (i) established, maintained, sponsored, or contributed to (or with respect to which any obligation to contribute has been undertaken) by the Company or its subsidiaries or on behalf of any employee, director, shareholder, or partner of the Company or its subsidiaries (whether current, former, or retired) or their beneficiaries or (ii) with respect to which the Company or any ERISA Affiliate has or has had any obligation on behalf of any such employee, director, shareholder, partner, or beneficiary.

"**Encumbrance**" means any and all security interests, pledges, hypothecations, claims of third parties of any nature, charges, escrows, options, rights of first refusal, liens, encumbrances, mortgages, indentures, security agreements or other agreements, arrangements, contracts, commitments, obligations or understandings, whether written or oral.

"**Environment**" means any surface or subsurface physical medium or natural resource, including, air, land, soil, surface waters, ground waters, stream and river sediments.

"**Environmental Action**" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other written communication from any federal, state, local or municipal agency, department, bureau, office or other authority or any third party involving a Hazardous Discharge or any violation of any Permit or Environmental Laws.

"**Environmental Laws**" means any federal, state, local or common law, rule, regulation, ordinance, code, order or judgment relating to the injury to, or the pollution or protection of, human health and safety or the Environment.

"**Environmental Liabilities**" means any claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys' and consultants' fees) relating to investigation, assessment, remediation or defense of any matter concerning human health and safety (in respect of toxic tort matters) and the Environment of whatever kind or nature by any Person or Governmental Entity, which are incurred as a result of (i) the existence of Hazardous Substances in, on, under, at or emanating from any Real Property, (ii) the offsite transportation, treatment, storage or disposal of Hazardous Substances generated by the Company or any of its subsidiaries, or (iii) the violation of any Environmental Laws by the Company or any of its subsidiaries prior to the Closing Date.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"**ERISA Affiliate**" means any entity that would be deemed a "single employer" with the Company or any of its subsidiaries under Section 414(b), (c), (m), or (o) of the Code or Section 4001 of ERISA.

"**Escrow**" has the meaning given to it in Section 2.6(c) hereto.

"**Escrow Agent**" has the meaning given to it in Section(c) hereto.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Financial Statements**" means the consolidated balance sheets as of December 31, 1996 and December 31, 1997 and the related statements of income and retained earnings and cash flows of the Company and its subsidiaries for the fiscal periods then ended, audited by Arthur Andersen, including in each case the related notes thereto, and the Interim Financial Statements.

"**GAAP**" means United States generally accepted accounting principles, applied on a consistent basis, which assumes the continuation of each of the Company and its subsidiaries as a going concern.

"**General Escrow Agreement**" has the meaning given to it in Section 2.6(c) hereto.

"**General Escrow Shares**" has the meaning given to it in Section 2.6(c) hereto.

"**General Escrow Claim Termination Date**" means the earlier of (i) the date of issuance by ADS's regularly employed independently public accountants of audited financial statements and the accompanying report covering the first fiscal year of combined operations of ADS and the Company and (ii) the which is date 364 days after the Closing Date.

"**Governmental Entity**" means any federal, state, local or foreign government, political subdivision, legislature, court, agency, department, bureau, commission or other governmental regulatory authority, body or instrumentality to which the Company or any of its subsidiaries is subject.

"**Hazardous Discharge**" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of Hazardous Substances, whether on or off the premises of the Company or any of its subsidiaries.

"**Hazardous Substance**" means petroleum, petroleum products, petroleum-derived substances, radioactive materials, hazardous wastes, polychlorinated biphenyls, lead-based paint, radon, urea formaldehyde, asbestos or any materials containing asbestos, and any materials or substances regulated or defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous constituents," "toxic substances," "pollutants," "contaminants" or any similar denomination intended to classify or regulate substances by reason of toxicity, carcinogenicity, ignitability, corrosivity or reactivity under any Environmental Law.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"**Indemnitor**" means the party against whom indemnification is sought under Section 8.5(a) hereof.

"**Intellectual Property**" means patents and pending patent applications, registered and unregistered trademarks, service marks, logos, copyrights, trade names and pending registrations and applications to register or renew the registration of any of the foregoing, computer software and other similar intellectual property rights material to the Company or any of its subsidiaries in connection with the conduct of their respective businesses.

"**Interim Financial Statements**" means the unaudited interim consolidated balance sheet at the Balance Sheet Date and the related statement of income of the Company and its subsidiaries for the seven month period then ended.

"**Knowledge**" of the Company, "**to the Company's knowledge**" or like words means the actual knowledge of C. Andrew Russell, Donald E. Rea, Jeffrey D. Kendall, Stephen J. McCarthy, James P. Gleason, Tom Manzke, Bryan Deming, David Beard, Brad Elliott, John

Hartings, Michael Stuart, Donald McCray, Leroy McCray, Derk E. Ball, Richard Dykstra, Tom Workman, Richard Vander Velde and Daniel Ransbottom.

"**LLC Interests**" has the meaning set forth in the recitals hereto.

"**Majority Members**" means Laurel Mountain Partners LLP, Van Poppel, Ltd., PNC Capital Corp. and PNC Venture Corp.

"**Material Adverse Effect**" with respect to any Person means any material adverse effect on the business results of operations or financial condition of such person and its subsidiaries.

"**Members**" has the meaning given to it in the recitals hereto.

"**Members' Representatives**" has the meaning given to it in Section 9.3(a) hereof.

"**Merger**" has the meaning given to it in the recitals hereto.

"**Merger Consideration**" has the meaning given to it in Section 2.6(a) hereof.

"**Multiemployer Plan**" has the meaning given to it in Section 3.19(b) hereof.

"**Net Working Capital**" means current assets (i.e., cash, accounts receivable-trade not outstanding for more than 60 days past the invoice date (net of reserves for bad debts), accounts receivable-other, inventory and prepaid expenses) less current liabilities (i.e., accounts payable-trade, accounts payable-other, payroll taxes payable, accrued liabilities (current portion) and unearned revenue). → but, excluding current portion of long term debt

"**Net Working Capital Merger Consideration Adjustment**" has the meaning given to it in Section 2.6(b)(ii) hereof.

"**Ownership Period**" means the period of time during which the Company owned an interest (directly or indirectly) in each particular subsidiary of the Company (with respect to matters relating to such particular subsidiary of the Company). For example, the "Ownership Period" for the Company shall begin on April 6, 1996 with respect to matters concerning the Company, on September 16, 1997 with respect to matters concerning Great Lakes Disposal Service, Inc. and on March 13, 1998 with respect to matters concerning General Refuse Rolloff, Corp.

"**PBGC**" has the meaning given to it in Section 3.19(b).

"**Permitted Encumbrances**" has the meaning given to it in Section 3.10(a) hereof.

"**Permits**" means all licenses, certificates of authority, permits, orders, consents, approvals, registrations, local siting approvals, authorizations, qualifications and filings under any federal, state or local laws or with any Governmental Entities.

"**Person**" means an individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization or other entity, or any governmental or quasi-governmental body or regulatory authority.

"**Pro Rata**" has the meaning given to it in Section 2.3(a) hereof.

"**Property**" means any Real Property and any personal or mixed property, whether tangible or intangible.

"**Real Property**" means any real property presently or formerly owned, used, leased, occupied, managed or operated by the Company or any of its subsidiaries.

"**Related Person**" has the meaning given to it in Section 3.5 hereof.

"**SEC**" has the meaning given to it in the recitals hereto.

"**SEC Documents**" has the meaning given to it in Section 4.5 hereof.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Seller Claimant**" has the meaning given to it in Section 8.3 hereof.

"**Special Escrow Agreement**" has the meaning given to it in Section 2.6(c) hereto.

"**Special Escrow Shares**" has the meaning given to it in Section 2.6(c) hereto.

"**Special Escrow Claim Termination Date**" means the second anniversary of the Closing Date.

"**Surviving LLC**" has the meaning given to it in the recitals hereto.

"**Tax Return**" means each and every report, return, declaration, information return, statement or other information required to be supplied to a taxing or governmental authority with respect to any Tax or Taxes, including without limitation any combined or consolidated return for any group of entities including the Company or any of its subsidiaries.

"**Taxes**" (or "**Tax**" where the context requires) shall mean all federal, state, county, provincial, local, foreign and other taxes (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital

levy, production, transfer, withholding, employment and payroll related and property taxes and other governmental charges and assessments), whether attributable to statutory or nonstatutory rules and whether or not measured in whole or in part by net income, and including without limitation interest, additions to tax or interest and charges and penalties with respect thereto.

"**Trigger Date**" has the meaning given to it in Section 9.4(a).

ARTICLE 2.
THE MERGER; MERGER CONSIDERATION

2.1 **The Merger.** Subject to the terms and conditions of this Agreement, Buyer and the Company agree to effect the Merger on the Closing Date in accordance with Section 264 of the Delaware General Corporation Law (the "**DGCL**") and Section 18-209 of the Delaware Limited Liability Company Act (the "**DLLCA**").

2.2 **Effective Time of the Merger.** Subject to the terms and conditions of this Agreement, a Certificate of Merger suitable for filing with the Secretary of State of Delaware in form required by law (the "**Certificate of Merger**"), will be duly prepared and executed by the Company, and, in connection with the Closing (as defined herein), will be delivered on the Closing Date to the Secretary of State of the State of Delaware for filing in such office as provided by law. The Merger shall become effective immediately upon the filing of the Certificate of Merger with the Secretary of State of Delaware (the "**Effective Time**").

2.3 **Conversion of LLC Interests.** As of the Effective Time, automatically by virtue of the Merger and without any action by or on the part of the Members (as the holders of all the outstanding Interests) or any other party, each Preferred Share, Special A Share and Special B Share (other than any Special A Share or Special B Share with respect to which a notice of redemption has been received by the Company prior to the Effective Time) shall be converted into Common Shares of the Company (as such terms are defined in First Amended and Restated Limited Liability Company Agreement of the Company dated as of March 13, 1998 (the "**Company LLC Agreement**")) on a one-for-one basis, and, immediately thereafter, all Common Shares of the Company shall be converted into the right to receive that number of shares of ADS Common Stock (or, if the closing occurs under the Allied Waste Merger Agreement prior to the Closing, shares of common stock of Allied Waste) equal to the result obtained by dividing the Merger Consideration by the ADS Average Common Stock Value, allocable among the Members in accordance with the percentages set forth on Schedule 2.3 to the Disclosure Schedule (such allocation among the Members being referred to herein as "**Pro Rata**"). The Members acknowledge and agree that they will receive shares of common stock of Allied Waste in lieu of shares of ADS Common Stock if the closing under the Allied Waste Merger Agreement occurs prior to the Closing.

2.4 **Conversion of American Acquisition Common Stock.** As of the Effective Time, all shares of American Acquisition Common Stock validly issued and outstanding prior to the

Effective Time shall be converted into a single limited liability company interest in the Surviving LLC.

2.5 Other Effects of Merger. As of the Effective Time, the Merger shall have the other effects specified in Section 259 of the DGCL and Section 18-209 of the DLLCA.

2.6 Merger Consideration.

(a) Amount. The aggregate value of the ADS Shares to be paid to the Members in consideration of the transactions contemplated hereby shall be $80,000,000, subject to adjustment pursuant to Section 2.6(b) (the "Merger Consideration"). Certificates representing the ADS Shares comprising the Merger Consideration, valued at the ADS Average Common Stock Value, shall be delivered by ADS to the Members or the Escrow Agent, as the case may be, at the Closing. No fractional interests of ADS Shares shall be issued at the Closing, and fractional interests shall be converted into cash at the ADS Average Common Stock Value and paid by ADS to the Members at Closing. No Member who has redeemed Special Shares (as defined in the Company LLC Agreement) held by him or it shall be entitled to any Merger Consideration hereunder.

(b) Adjustment.

(i) Debt Merger Consideration Adjustment. If the Company's Closing Debt exceeds $55,500,000, then the Merger Consideration shall be reduced by that number of shares of ADS Common Stock (the "Debt Merger Consideration Adjustment") (or, if the closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste) equal to (A) the excess of the Company's Closing Debt over $55,500,000, divided by (B) the ADS Average Common Stock Value. The Debt Merger Consideration Adjustment shall be allocated Pro Rata among the Members. Five business days prior to Closing, the Company, with such review by Buyer as Buyer deems necessary in its sole discretion, shall deliver to Buyer a certificate as to the estimated Company's Closing Debt, such certificate to be accompanied by a letter from Comerica Bank stating the outstanding balance due by the Company as of the date of such certificate. The Merger Consideration delivered at Closing shall be decreased, if necessary, by the estimated Debt Merger Consideration Adjustment determined based on the Company's Closing Debt stated in the certificate. The amount of Company's Closing Debt shall be finally determined by Buyer and the Members' Representatives within 30 days after Closing. ADS Shares representing any excess Merger Consideration delivered at the Closing shall be returned by the Escrow Agent to ADS from the General Escrow Shares, and the Members shall thereupon promptly deliver to the Escrow Agent, to hold in escrow pursuant to the General Escrow Agreement, a number of shares of ADS Common Stock equal to the number of shares so returned to ADS (or, if the Closing under the Allied Waste Merger Agreement has then occurred, a number of shares common stock of Allied Waste having a value, based on the ADS Average Common Stock Value, equal to such excess Merger Consideration). In the event that ADS shall not have delivered at the Closing a sufficient number of ADS Shares to equal the amount of the Merger Consideration (as adjusted by the amount of Company's Closing Debt as finally determined), ADS shall promptly deliver to the Members'

Representatives, for delivery to the Members Pro Rata, certificates representing 90% of the number of ADS Shares (or shares of Allied Waste common stock if closing under the Allied Waste Merger Agreement shall have occurred) necessary to make up the deficiency, and shall deliver the remaining 10% of such shares to the Escrow Agent to be held under terms of the General Escrow Agreement; provided, that fractional interests shall be converted into cash as provided above.

(ii) **Net Working Capital Merger Consideration Adjustment.** (A) Within 30 days following the date of the Closing, the Members' Representatives shall deliver to the Buyer, on behalf of the Members, a statement reflecting the combined Net Working Capital of the Company and its subsidiaries as of the close of business on the day prior to the date of the Closing. During such 30-day period, the Buyer shall grant, and shall cause the Company to grant, to the Members' Representatives and their representatives such access to the books and records of the Company and its subsidiaries as is reasonably necessary for the preparation by the Members' Representatives of such Net Working Capital statement.

(B) The aggregate value of the ADS Shares to be paid as Merger Consideration shall be adjusted upward on a dollar-for-dollar basis to the extent that the combined Net Working Capital of the Company is greater than $0. The aggregate value of the ADS Shares to be paid as Merger Consideration shall be adjusted downward on a dollar-for-dollar basis to the extent that the combined Net Working Capital of the Company is less than $0. Any such adjustment shall be made in the shares of ADS Common Stock (or, if the closing under the Allied Waste Merger Agreement occurs prior to the Closing, shares of common stock of Allied Waste), and is referred to herein as the "**Net Working Capital Merger Consideration Adjustment**". Any Net Working Capital Merger Consideration Adjustment shall be allocated Pro Rata among the Members.

(C) In the event of an upward Net Working Capital Merger Consideration Adjustment, the Buyer shall promptly deliver to the Member Representatives, for delivery to the Members Pro Rata, certificates representing 90% of the ADS Shares comprising the Net Working Capital Merger Consideration Adjustment, and shall deliver certificates representing 10% of the ADS Shares comprising the Net Working Capital Merger Consideration Adjustment to the Escrow Agent to be held under terms of the General Escrow Agreement; provided, that fractional interests shall be converted into cash as provided above. In the event of a downward Net Working Capital Merger Consideration Adjustment, ADS Shares representing any excess Merger Consideration delivered at the Closing shall be returned by the Escrow Agent to ADS from the General Escrow Shares, and the Members shall thereupon promptly deliver to the Escrow Agent, to hold in escrow pursuant to the General Escrow Agreement, a number of shares of ADS Common Stock equal to the number of shares so returned to ADS (or, if the Closing under the Allied Waste Merger Agreement has then occurred, a number of shares common stock of Allied Waste having a value, based on the ADS Average Common Stock Value, equal to such excess Merger Consideration); provided, that fractional interests shall be converted into cash as provided above.

(c) **General Escrow.** ADS shall deliver that number of ADS Shares representing 10% of the Merger Consideration (the "**General Escrow Shares**", which term shall also include

shares of common stock of Allied Waste received on conversion of those ADS Shares under the Allied Merger Agreement) to the trust division of a mutually agreeable independent financial institution ("**Escrow Agent**") as fiduciary to be held pursuant to the terms of an Escrow Agreement in the form to be mutually agreed by the parties (the "**General Escrow Agreement**") to provide ADS with a source from which to assess Claims provided in Section 8.2 hereof. If the amount of the Merger Consideration is decreased after the Closing pursuant to Section 2.6(b), the Escrow Agent shall be instructed to deliver to the Members' Representatives, for distribution to the Members Pro Rata, that number of General Escrow Shares equal to 10% of the amount of the Debt Merger Consideration Adjustment or downward Net Working Capital Merger Consideration Adjustment, as the case may be. On the date six months after the Closing Date, if the General Escrow Claim Termination Date has not then occurred, the Escrow Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, that number of General Escrow Shares, if any, equal to the excess of 5% of the Merger Consideration over the aggregate number of General Escrow Shares paid to Buyer Claimants out of the General Escrow Shares plus the aggregate amount of all Claims duly made by Buyer pursuant to Section 8.2 prior to that date. On the General Escrow Claim Termination Date, the Escrow Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, all remaining General Escrow Shares, minus the aggregate amount of all Claims duly made by Buyer against the General Escrow Shares pursuant to Section 8.2. Any General Escrow Shares which are subject to Claims duly made prior to the General Escrow Claim Termination Date shall remain in escrow after the General Escrow Claim Termination Date until the matter has been resolved by the parties hereto. The Escrow Agent shall be a stakeholder and not a party-in-interest with respect to the General Escrow Shares. Release of any General Escrow Shares from escrow shall require the mutual consent of ADS and the Members' Representatives. All Claims for General Escrow Shares in dispute shall be resolved by the parties in accordance with the procedures set forth in Section 9.4. All Claims pursuant to Section 8.2 shall be made solely against the General Escrow Shares and shall be assessed at the ADS Average Common Stock Value.

(d) **Special Escrow**. ADS shall deliver that number of ADS Shares equal to quotient obtained by dividing $3,450,000 by the ADS Average Common Stock Value (the "**Special Escrow Shares**", which term shall also include shares of common stock of Allied Waste received on conversion of those ADS Shares under the Allied Waste Merger Agreement) to the Escrow Agent as fiduciary to be held pursuant to the terms of an Escrow Agreement in the form to be mutually agreed by the parties (the "**Special Escrow Agreement**") to provide ADS with a source from which to assess Claims provided in Section 8.3 hereof. If any of the matters referred to in Schedule 8.3 of the Disclosure Schedule are resolved prior to the Special Escrow Claim Termination Date by final regulatory determination (to the extent required by law, regulation or regulatory guideline), resolution in a court (with regard to litigation matters), the advice of an independent third party consultant that all necessary remediation has been satisfactorily completed (with regard to matters other than litigation, if no regulatory determination is required) or agreement of the parties, the Escrow Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, the number of Special Escrow Shares referred to on such schedule that have not been applied to claims with regard to such matter. On the Special Escrow Claim Termination Date, the Escrow

Agent shall deliver to the Members' Representatives, for distribution to the Members Pro Rata, all remaining Special Escrow Shares, minus the aggregate amount of all Claims duly made by Buyer against the Special Escrow Shares pursuant to Section 8.3. Any Special Escrow Shares which are subject to Claims duly made prior to the Special Escrow Claim Termination Date shall remain in escrow after the Special Escrow Claim Termination Date until the matter has been resolved by the parties hereto. The Escrow Agent shall be a stakeholder and not a party-in-interest with respect to the Special Escrow Shares. Release of any Special Escrow Shares from escrow shall require the mutual consent of ADS and the Members' Representatives. All Claims for Special Escrow Shares in dispute shall be resolved by the parties in accordance with the procedures set forth in Section 9.4. All Claims pursuant to Section 8.3 shall be made solely against the Special Escrow Shares on a project-by-project basis (as identified on Schedule 8.3 of the Disclosure Schedule) and shall be assessed at the ADS Average Common Stock Value.

(e) **Registration.** All ADS Shares to be delivered pursuant to this Section shall at the Effective Time be registered under the Exchange Act and registered pursuant to an effective registration statement under the Securities Act and will be duly included for quotation under the NASDAQ National Market System.

(f) **Antidilution.** In the event that between the date of this Agreement and the Effective Time, the issued and outstanding ADS Shares shall have been changed into a different number of shares as a result of a stock split, reverse stock split, stock dividend, recapitalization, reclassification or other similar transaction with a record date within such period, the Merger Consideration determined pursuant to Section shall be adjusted proportionately.

2.7 Surviving LLC. Immediately after the Effective Time, the Surviving LLC shall be governed by the limited liability company agreement attached hereto as Exhibit 2.7(a), and the Company LLC Agreement shall terminate, and the individuals to be identified by Buyer prior to Closing shall be the Managers and Officers of the Surviving LLC.

2.8 The Closing. The Closing shall take place at 10:00 a.m. local time, on the Closing Date, at the offices of Seller's Counsel, or at such other time, date or place as the parties may mutually agree, subject to the satisfaction or waiver of all of the conditions to the Closing set forth in Article 7 hereof.

2.9 Obligations of the Members. At or prior to the Closing, the Company shall deliver or cause to be delivered to Buyer the following:

(a) The certificates, legal opinion and other documents required by Section 7.1 hereof.

(b) Appropriate receipts.

(c) All other documents, instruments and writings required to be delivered by the Members at or prior to the Closing Date pursuant to this Agreement.

2.10 Obligations of Buyer. At or prior to the Closing, Buyer shall deliver or cause to be delivered to the Members (or, in the case of clause (a), the Escrow Agent) the following:

(a) Certificates for ADS Shares representing the Merger Consideration in such amounts provided by Article 2 hereof, registered in the name of the Person to receive such ADS Shares (including the Escrow Agent with regard to General Escrow Shares and Special Escrow Shares).

(b) The certificates, legal opinion and other documents required by Section 7.2 hereof.

(c) Appropriate receipts.

(d) All other documents, instruments and writings required to be delivered by Buyer at or prior to the Closing Date pursuant to this Agreement.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE MEMBERS

The Company represents and warrants to Buyer, and each Member a party hereto severally represents and warrants to Buyer, as follows (all such representations and warranties are qualified by the Disclosure Schedules attached to this Agreement):

3.1 Organization and Qualification. Each of the Company and its subsidiaries is an entity duly organized, validly existing and in good standing under the laws of the state of its organization (each such jurisdiction is set forth in Schedule 3.1 of the Disclosure Schedule), with full power and authority to own, lease and operate its assets and properties and carry on its business. Each of the Company and its subsidiaries is licensed or qualified to transact business and is in good standing as a foreign limited liability company or corporation in each jurisdiction in which, because of its business conducted there, or the nature of its assets or Properties there, it would be required to be so licensed or qualified, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Each such jurisdiction is set forth in Schedule 3.1 of the Disclosure Schedule. The complete original limited liability company agreements or certificates and operating agreements of the Company and those of its subsidiaries that are limited liability companies, and the complete articles or certificate of incorporation and by-laws of those subsidiaries of the Company that are corporations, including in each case all amendments thereto, have been made available to Buyer.

3.2 Authority; No Breach.

(a) Each of the Members a party hereto and the Company has all requisite power and authority to execute and deliver this Agreement and to perform his or its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of each of the Members a party hereto and the Company. This Agreement has been duly executed and delivered by each of the Members a party hereto and the Company, and constitutes the legal, valid and binding obligation of each of the Members a party hereto and the Company, enforceable against such party in accordance with its terms except that (i) the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Except as set forth in Schedule 3.2 of the Disclosure Schedule, neither the execution and delivery of this Agreement by the Members a party hereto and the Company nor the consummation of the other transactions contemplated herein, nor the full performance by the Members a party hereto and the Company of their obligations hereunder do or will: (i) violate any provision of the limited liability company agreements or certificate or operating agreements of the Company or those of its subsidiaries that are limited liability companies or the articles or certificate of incorporation or by-laws of those of the Company's subsidiaries that are corporations; (ii) result in a breach of, or constitute a default under (with or without notice, lapse of time or both) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or contract to which the Company or any of its subsidiaries is a party or by which any of them (or any of their respective assets or Properties) is subject or bound; (iii) result in the creation of, or with the passage of time result in the creation of, any Encumbrance upon the LLC Interests or any assets or Properties of the Company or any of its subsidiaries; (iv) violate any writ or injunction to which the Company or its subsidiaries are subject or any applicable statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity; (v) terminate or modify or give any third party the right to terminate or modify the terms of any material contract or agreement to which the Company or any of its subsidiaries is a party or by which it or any of its assets or Properties is subject or bound; or (vi) require any of the Company, any Majority Member or its subsidiaries to obtain any Consent, except as may be required under the HSR Act, which, in the cases of clauses (ii), (iii), (iv) or (v) above, would have a Material Adverse Effect with respect to the Company.

3.3 Securities and Ownership.

(a) The identity and percentage ownership of each of the record holders of LLC Interests are set forth on Schedule 3.3 of the Disclosure Schedule, and no other limited liability company interests or ownership interests in the Company are authorized or outstanding. Schedule 3.3 of the Disclosure Schedule sets forth (i) the total number of shares of capital stock, and the classes and par values thereof, that each of the Company's subsidiaries that is a corporation is authorized to issue; (ii) the designation and amount of limited liability company interests that each of the Company's subsidiaries that is a limited liability company is authorized to have outstanding;

and (iii) the designation and amount of shares and limited liability company interests that are issued and outstanding, the identity of the record owners thereof and the amount of shares and limited liability company interests that each owns. No other shares of any other class or series of capital stock or limited liability company interests or other ownership interests are issued and outstanding. Schedule 3.3 of the Disclosure Schedule sets forth a complete and correct list of all LLC Interests which are redeemable at the option of the holder prior to or simultaneously with the Closing.

(b) None of the Company or its subsidiaries has issued any securities, limited liability company interests or other ownership interests in violation of any preemptive or similar rights and, except as disclosed on Schedule 3.3 or 3.12 of the Disclosure Schedule, there are no outstanding (i) securities or other ownership interests convertible into or exchangeable for any shares of capital stock or other securities or ownership interests of any of the Company or its subsidiaries; (ii) subscriptions, options, warrants, calls, commitments, preemptive rights or other rights of any kind (absolute, contingent or otherwise) entitling any third party to acquire or otherwise receive from any of the Company or its subsidiaries any shares of capital stock or other securities or ownership interests; or (iii) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance of any capital stock or ownership interests of any of the Company or its subsidiaries, any such convertible or exchangeable securities, or any such subscriptions, options, warrants or rights. There are no shares of stock or other securities, limited liability company interests or other ownership interests of the Company or its subsidiaries reserved for issuance for any purpose.

(c) All outstanding shares of capital stock of the Company's subsidiaries that are corporations have been duly authorized and validly issued and are fully paid and nonassessable.

(d) Except as set forth in Schedule 3.3 of the Disclosure Schedule, none of the Company or any of its subsidiaries owns, directly or indirectly, any economic, voting or other ownership interest in any other Person.

3.4 Financial Statements. Except as set forth in Schedule 3.4 of the Disclosure Schedule, the Financial Statements were prepared in accordance with the books of account and financial records of the Company and its subsidiaries, and present fairly in all material respects the consolidated financial position, results of operations, changes in retained earnings and cash flows of the Company and its subsidiaries as of the dates and for the periods covered thereby, in each case in accordance with GAAP (except, in the case of interim financial statements, for customary year-end adjustments and for the absence of footnotes). The accounting books and records of the Company and its subsidiaries are accurate and complete in all material respects.

3.5 Interests of Related Persons. Except as set forth in Schedule 3.5 of the Disclosure Schedule and except for agreements among the Company and its subsidiaries or among subsidiaries of the Company, no Member, officer, director, relative or Affiliate of the Company, any of its subsidiaries or any Member (collectively, the "**Related Persons**"):

(a) owns any interest in any Person which is a competitor, supplier or customer of the Company or any of its subsidiaries (other than less than 5% of interests in publicly-traded companies);

(b) owns, in whole or in part, any Property, asset or right, used in connection with the business of any of the Company or any of its subsidiaries;

(c) has an interest in any contract or agreement pertaining to the business of the Company or any of its subsidiaries; or

(d) has any contractual arrangements with the Company or any of its subsidiaries.

3.6 **Absence of Undisclosed Liabilities.** Except as disclosed on Schedule 3.6 of the Disclosure Schedule, none of the Company or its subsidiaries has any direct or indirect liabilities, losses or obligations of any nature, whether absolute, accrued, contingent or otherwise, that would be required to be reflected on a balance sheet or the notes thereto prepared in accordance with GAAP other than (i) liabilities reflected, accrued or reserved for in the Financial Statements; (ii) liabilities disclosed in the Disclosure Schedule; (iii) liabilities incurred in the ordinary course of business subsequent to the Balance Sheet Date and not inconsistent with past practice; (iv) liabilities or performance obligations arising in the ordinary course of business (and not as a result of a breach or default by the Company or any of its subsidiaries) out of or under agreements, contracts, leases, arrangements or commitments to which the Company or any of its subsidiaries was a party as of the Balance Sheet Date; or (v) liabilities under this Agreement. Neither the Company nor any Majority Member knows of any facts that would reasonably indicate that it is likely there will be asserted against the Company or any of its subsidiaries any material liability described in this Section not otherwise disclosed in the Disclosure Schedules.

3.7 **Absence of Certain Changes or Events.** Except as set forth in Schedule 3.7 of the Disclosure Schedule or as otherwise provided herein, since the Balance Sheet Date the business of each of the Company and its subsidiaries has been conducted only in the ordinary course and consistent with past practice. Except as set forth in Schedule 3.7 of the Disclosure Schedule or as otherwise provided herein, and except as incurred in the ordinary course of business and consistent with past practice, since the Balance Sheet Date none of the Company or its subsidiaries has:

(a) suffered any material adverse change in its business, earnings, operations, assets, Properties, condition (financial or otherwise), results of operations, or Permits;

(b) suffered any material damage, destruction or casualty loss (whether or not covered by insurance);

(c) (i) granted any increase in the rate or terms of compensation payable or to become payable to any of its directors, officers or key employees, except increases occurring in the ordinary course of business in accordance with its customary practices, or

(ii) amended or granted any increase in the rate or terms of any Employee Benefit Plan payment or arrangement;

(d) entered into any material agreement except agreements in the ordinary course of business, or any employment or severance agreement;

(e) made any change in its accounting methods, principles or practices;

(f) authorized, declared, set aside or paid any dividend or other distribution;

(g) directly or indirectly redeemed, purchased or otherwise acquired any of its shares of capital stock or limited liability company interests, as the case may be, or authorized any stock split or limited liability company interest split, as the case may be, or recapitalization, except, to the extent included in the Company's Closing Debt, for redemptions after the date hereof and repurchases after the date hereof by the Company from employees of unvested Common Shares upon the termination of employment pursuant to the Company's Equity Incentive Plan;

(h) borrowed or agreed to borrow any funds in excess of $50,000, or incurred, assumed or become subject to, whether directly or by way of guarantee or otherwise, any liabilities or obligations in excess of $50,000, except as contemplated by Section 5.1(vii);

(i) paid, discharged or satisfied any claim, liability or obligation in excess of $50,000, other than the payment, discharge or satisfaction of liabilities and obligations incurred in the ordinary course of business and consistent with past practice;

(j) (i) prepaid any obligation having a fixed maturity of more than 90 days from the date such obligation was issued or incurred, or

(ii) not paid, within a reasonable date of when due, consistent with past practice, any accounts payable in excess of $50,000 in the aggregate, or sought the extension of the payment date of any accounts payable in excess of $50,000 in the aggregate;

(k) permitted or allowed any of its Property or assets to be subjected to any Encumbrance, except for liens for Permitted Encumbrances and Encumbrances described on Schedules 3.9(a) and 3.9(b) of the Disclosure Schedule;

(l) written off as uncollectible any notes or accounts receivable in excess of $50,000;

(m) canceled any debts or waived any claims or rights in excess of $50,000 other than in the ordinary course of business;

(n) sold, transferred or otherwise disposed of any of its Properties or assets having a value in excess of $50,000 in the aggregate, except in the ordinary course of business and consistent with past practice;

(o) disposed of, abandoned or permitted to lapse any rights to the use of any Intellectual Property used in the conduct of its business, or disposed of or disclosed, or permitted to be disclosed (except as necessary in the conduct of its business), to any Person other than representatives of Buyer, any trade secret, formula, process, know-how or similar information not theretofore a matter of public knowledge;

(p) made any capital expenditures or commitments in excess of $50,000 in the aggregate for repairs or additions to property, plant, equipment or tangible capital assets; or

(q) agreed, whether in writing or otherwise, to take any action described in this Section 3.7.

3.8 Taxes.

(a) None of the Company or any of its subsidiaries that is a limited liability company has elected to be treated as an association taxable as a corporation under applicable law. Each of the Company's subsidiaries that is a corporation is a C corporation within the meaning of Section 1361(a)(2) of the Code. Each of the Company and its subsidiaries has duly, timely and properly filed when due, any federal, state, local and other Income Tax Returns and all other material Tax Returns required to be filed by it with respect to its sales, income, business or operations (including without limitation any consolidated or combined Tax Returns in which it is included), and such Tax Returns are true, complete and accurate in all material respects. Each of the Company and its subsidiaries has duly paid all Taxes due from them. True and complete copies of all of such Tax Returns for the past three fiscal years have been previously provided to Buyer.

(b) All amounts required to be withheld by the Company or any of its subsidiaries from or on behalf of employees for income, social security and unemployment insurance taxes have been collected or withheld and either paid to the appropriate governmental agency or set aside and, to the extent required by law, held in accounts for such purpose.

(c) Except as set forth in Schedule 3.8 of the Disclosure Schedule, there are no pending or threatened actions or proceedings by any applicable taxing authority for the assessment, collection, adjustment or examination of Taxes against the Company or any of its subsidiaries. Except as set forth in Schedule 3.8 of the Disclosure Schedule, there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any assessment or audit of any Tax or Tax Return of the Company or any of its subsidiaries for any period. The Tax Returns of the Company and its subsidiaries have not been examined by any applicable taxing authority.

(d) No consent has been filed under Section 341(f) of the Code with respect to any subsidiary of the Company. Neither the Company nor any subsidiary has entered into any

closing agreement or changed its accounting methodology in a manner that could result in the payment of taxes after Closing with regard to income earned prior to Closing.

(e) None of the Company or any of its subsidiaries is a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(f) None of the Company or any of its subsidiaries is required to include in income any amount in respect of any deferred gain or loss arising from deferred intercompany transactions (as described in Section 1.1502-13 of the Income Tax Regulations), or with respect to the stock or obligations of any other corporation (as described in Section 1.1502-14 of the Income Tax Regulations). None of the Company or any of its subsidiaries has any liability or obligation to make any payment to any taxing authority or to Members or their Affiliates on account of Taxes for any period ending on or prior to the Closing Date, due to several liability imposed under Section 1.1502-6 of the Income Tax Regulations or any similar provision of state or local laws or the provision of any Tax sharing agreements. None of the Company or any of its subsidiaries is a party to any Tax sharing agreements.

3.9 Assets.

(a) As of the Closing, the Company and its subsidiaries will have good and valid title to all the personal property assets (tangible and intangible) which the Company and its subsidiaries purport to own on the date hereof (other than any assets disposed of in the ordinary course of business) free and clear of all Encumbrances, except for the following: (i) liens for current Taxes, assessments and governmental charges not yet due and payable or being contested in good faith ("**Permitted Encumbrances**"); (ii) Encumbrances set forth in Schedule 3.9(a) of the Disclosure Schedule; and (iii) liens, imperfections of title and easements which do not, either individually or in the aggregate, materially detract from the value of, or interfere with the present use of, the personal property assets being conveyed pursuant to this Agreement.

(b) Schedule 3.9(b) of the Disclosure Schedule contains a complete and correct list of all Real Property owned by the Company or any of its subsidiaries as well as a list of any options to acquire any Real Property held by the Company or any of its subsidiaries. The Company and its subsidiaries have good and marketable title to all such owned Real Property, free and clear of all Encumbrances except for Permitted Encumbrances and Encumbrances set forth in Schedule 3.9(b) of the Disclosure Schedule.

(c) Schedule 3.9(c) of the Disclosure Schedule contains a complete and correct list of all Real Property leased by the Company or any of its subsidiaries. Each of the Company and its subsidiaries enjoys peaceful possession of all such property. The Members have previously delivered to Buyer true, complete and correct copies of all lease documents relating to such property. Except as disclosed on Schedule 3.9 of the Disclosure Schedule, all lease documents are valid, binding and enforceable against the Company and its subsidiaries in accordance with their terms and, to the Company's knowledge, are in full force and effect. All material work required to be done by

the Company or any of its subsidiaries as a tenant on such Real Property has been duly performed. To the Company's knowledge, no event has occurred which constitutes or, with the passing of time or giving of notice, or both, would constitute, a material default by the Company or any of its subsidiaries under any such lease document.

(d) No Real Property owned or leased by the Company or any of its subsidiaries is subject to any rights of way, building use restrictions, easements, reservations or limitations which would restrict the Company or any of its subsidiaries from conducting its business after the Closing in substantially the manner conducted as of the date hereof. Neither the whole nor any portion of the Real Property, leaseholds or any other assets of the Company or any of its subsidiaries is subject to any governmental decree or order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefor, nor to the knowledge of the Members or the Company has any such condemnation, expropriation or taking been proposed.

(e) Schedule 3.9(e) of the Disclosure Schedule contains a substantially complete and correct list with respect to each of the Company and its subsidiaries of (i) to the Company's knowledge, the number and size of containers, stationary compactors and other equipment which is owned or leased by the Company and its subsidiaries, and (ii) the number of vehicles owned or leased in the business of the Company and its subsidiaries together with information as to the make, description of body and chassis, model and serial number, and year of each such vehicle.

(f) The tangible assets of the Company and its subsidiaries which are in service and necessary to the operation of the business are in working order as of the date of this Agreement, considering the age and normal wear and tear of such assets. All material assets used by the Company and its subsidiaries in their business are owned or leased by the Company or its subsidiaries.

3.10 Intellectual Property. Schedule 3.10 of the Disclosure Schedule contains an accurate and complete summary of (a) all material Intellectual Property owned by Company and its subsidiaries and (b) all material licenses of Intellectual Property to or from the Company or any of its subsidiaries and contracts or agreements pertaining to such licenses. The rights of the Company and its subsidiaries in and to such Intellectual Property and licenses are sufficient to permit the Company and its subsidiaries to conduct their respective businesses in all material respects as presently conducted. No claims of infringement of any third party's Intellectual Property rights have been alleged in writing against the Company and the Company has not asserted any claims against third parties regarding the infringement of the Company's Intellectual Property Rights.

3.11 Accounts Receivable. Except as provided on Schedule 3.11 of the Disclosure Schedule, all the accounts receivable of Company and its subsidiaries, net of the reserve for doubtful accounts, (i) reflected on the Financial Statements as of the Balance Sheet Date and (ii) as of the date hereof, represent sales actually made in the ordinary course of business for goods or services delivered or rendered in bona fide arm's-length transactions, have not been extended or rolled over

in order to make them current, and are not subject to counterclaims or setoffs and constitute only valid, undisputed claims.

3.12 Contracts and Commitments. Except as set forth in Schedule 3.12 of the Disclosure Schedule:

(a) none of the Company or any of its subsidiaries has any agreements, contracts or commitments, written or oral (including, without limitation, letters of intent), which either individually or in conjunction with other agreements, contracts or commitments with the same party and in connection with the same matter, are material (which is defined, for purposes of this Section only, as involving the making or receipt of payments that exceed two percent (2%) of the monthly revenues of the Company and its subsidiaries) to the business, operations or prospects of the Company and its subsidiaries;

(b) no purchase contract is in excess of the normal, ordinary and usual requirements of the business of the Company and its subsidiaries;

(c) to the Company's knowledge, no contract or bid is anticipated to result in any loss to the Company or any of its subsidiaries upon completion or performance thereof, no contract or bid requires disposal at a designated solid waste facility and no contract or bid is at prices materially above or below the usual prices of the Company and its subsidiaries for the same or similar products or services;

(d) none of the Company or any of its subsidiaries has outstanding contracts, agreements or arrangements (i) providing for the payment of any bonus or commission based on sales or earnings or (ii) with any Related Person;

(e) none of the Company or any of its subsidiaries has (i) employment bonus agreements, (ii) employee non-competition agreements, or (iii) other agreements that contain any severance or termination pay liabilities or obligations;

(f) none of the Company or any of its subsidiaries has collective bargaining or union contracts or agreements;

(g) none of the Company or any of its subsidiaries is in material breach or default, under any material contract, agreement, commitment or restriction (whether written or oral) to which any of them is a party or by which any of them or any of their assets is bound and there exists no event or condition which (whether with or without notice, lapse of time, or both) would constitute a default thereunder, give rise to a right to accelerate or terminate any provision thereof or give rise to any Encumbrance on the Property or assets of the Company or any of its subsidiaries; to the knowledge of the Company, no other party to any such contract, agreement or commitment is in breach or default thereof; and neither the Company nor any Majority Member knows of any facts that would reasonably indicate that such a default has occurred or is likely to occur.

(h) none of the Company or any of its subsidiaries employs nor does any of them have any obligation to, any non-hourly employee or consultant receiving compensation at the annual rate of more than $50,000 for services rendered;

(i) none of the Company or any of its subsidiaries is restricted by any agreement or other commitment from carrying on its business as currently conducted anywhere in the world;

(j) none of the Company or any of its subsidiaries has any debt obligations for borrowed money;

(k) none of the Company or any of its subsidiaries has any outstanding loans to any Person (other than travel and entertainment advances to employees in the ordinary course of business not exceeding $2,500 in the aggregate);

(l) none of the Company or any of its subsidiaries has powers of attorney outstanding or any obligations or liabilities as guarantor, surety, cosigner, endorser, co-maker, indemnitor or otherwise in respect of the obligation of any other Person;

(m) none of the Company or any of its subsidiaries is a party to any partnership or joint venture agreement whether or not a separate legal entity is created thereby;

(n) each contract and agreement referred to in Schedule 3.12 of the Disclosure Schedule is valid and in full force and effect and will not cease to be valid and in full force and effect after the Closing Date solely by reason of the Merger.

3.13 **Customers and Suppliers**. Except as set forth on Schedule 3.13 of the Disclosure Schedule:

(a) During the Ownership Period, no material customer or supplier (which is defined for purposes of this Section only as providing $50,000 annually of revenue, goods or services) has canceled or otherwise terminated such relationship.

(b) The Company and its subsidiaries are not engaged in any material disputes with any material customer or supplier (which is defined for purposes of this Section only as providing $50,000 annually of revenue, goods or services). Neither the Company nor any Majority Member has received any information that reasonably indicates, or any threat that the Company or such Majority Member reasonably believes is credible, that would lead the Company or such Majority Member to believe that any material customer or supplier of the Company or its subsidiaries presently intends to discontinue or modify its relationship with the Company or its subsidiaries after the Closing solely as a result of the Merger.

3.14 **Insurance**. Schedule 3.14 of the Disclosure Schedule contains a true and complete list of all insurance policies covering the Company or any of its subsidiaries or otherwise held by or on behalf of them, or covering any aspect of their assets or business, indicating the type of

coverage, name of insured, the insurer, the amount of coverage, the deductibles, the premium and the expiration date thereof and the aggregate amounts paid thereunder. Schedule 3.14 of the Disclosure Schedule lists any pending claims under any of the foregoing. The Company has no knowledge of any reason why any of such insurance policies will be terminated, suspended, modified or amended, or not renewed on substantially identical terms (including without limitation premium costs), or will require alteration of any equipment or any improvements to Real Property occupied by or leased to or by the Company or any of its subsidiaries, or the purchase of additional equipment, or the modification of any of the methods of doing business.

3.15 Litigation, Etc. Except as set forth on Schedule 3.15 of the Disclosure Schedule, there has not been during the Ownership Period, nor is there as of the date hereof, any claim, action, suit, proceeding or, to the knowledge of the Company, investigation of any kind or nature whatsoever, by or before any court or governmental or other regulatory or administrative agency or commission or tribunal pending or, to the knowledge of the Members or the Company, threatened against the Company or any of its subsidiaries or their business, Properties, officers or directors, or which questions or challenges the validity of this Agreement or any action taken or to be taken by the Members or the Company pursuant to this Agreement or in connection with the transactions contemplated hereby which would have a Material Adverse Effect or a material adverse effect on the ability of the Members or the Company to consummate the transactions contemplated hereby; and neither the Company nor the Majority Members know of any facts that would reasonably indicate that any of the foregoing is likely to occur. None of the Company or any of its subsidiaries is subject to any judgment, order or decree (that has not been satisfied or complied with) which may have a Material Adverse Effect.

3.16 Compliance with Law; Necessary Authorizations.

(a) Each of the Company and its subsidiaries is duly complying and has during the Ownership Period duly complied, in all material respects, in respect of its business, operations and Properties, with all applicable laws, rules, regulations, orders, building and other codes, zoning and other ordinances, Permits, authorizations, judgments and decrees of all Governmental Entities. Except as set forth on Schedule 3.16(a) of the Disclosure Schedule, the Company has no knowledge of any present or past (during the Ownership Period) failure so to comply or of any past or present events, activities or practices of the Company or its subsidiaries which may be construed to indicate interference with or prevention of continued compliance, in any material respect, with any laws, rules or regulations or which may give rise to any common law or statutory liability, or otherwise form the basis of any material claim, action, suit, proceeding, hearing or investigation against the Company or its subsidiaries.

(b) Each of the Company and its subsidiaries has duly obtained all Permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of its business; each of the foregoing is set forth in Schedule 3.16(b) of the Disclosure Schedule and is in full force and effect; there are no proceedings pending or, to the knowledge of the Members and the Company, threatened which may result in the revocation,

cancellation, suspension or modification thereof; and the consummation of the transactions contemplated hereby will not result in any such revocation, cancellation, suspension or modification.

3.17 **Environmental Matters.** Except as disclosed on Schedule 3.17 of the Disclosure Schedule:

(a) To the Company's knowledge, during the Ownership Period, all the operations of the Company and its subsidiaries comply in all material respects with all applicable Environmental Laws and, to the Company's knowledge, none of the Company or any of its subsidiaries is subject to any material Environmental Liabilities. Except as set forth in Schedule 3.17 of the Disclosure Schedule, to the knowledge of the Company, none of the Company or any of its subsidiaries or any other Person has during the Ownership Period, engaged in, authorized, allowed or suffered any operations or activities upon any of the Real Property for the purpose of or in any way involving the handling, manufacture, treatment, processing, storage, use, generation, release, discharge, emission, dumping or disposal of any Hazardous Substances at, on or under the Real Property, except in material compliance with all applicable Environmental Laws. Schedule 3.17 of the Disclosure Schedule contains a complete and accurate list of all locations (identified by address, owner/operator, type of facility, type and form of waste, and period of time the facility was used) to which the Company or any of its subsidiaries has during the Ownership Period, transported, or caused to be transported, allowed or arranged for any third party to transport, any type of Hazardous Substances.

(b) To the knowledge of the Company, during the Ownership Period, none of the Real Property or any assets of the Company or any of its subsidiaries contains any Hazardous Substances in, on, over, under or at it in concentrations or amounts which would violate Environmental Laws in any material respect or impose liability or obligations on the Company or any of its subsidiaries. None of the Real Property is listed or proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., or any similar inventory of sites requiring investigation or remediation maintained by any state. None of the Company or any of its subsidiaries have received during the Ownership Period, any written or oral notice from any Governmental Entity or third party of any actual or threatened Environmental Liabilities with respect to the Real Property, any assets of the Company or any of its subsidiaries or the conduct of the business of the Company or any of its subsidiaries.

(c) There are no underground storage tanks or Hazardous Substances (other than unregulated quantities of Hazardous Substances stored and maintained in accordance and compliance with all applicable Environmental Laws for use in the ordinary course of business of the Company and its subsidiaries) in, on, over, under or at any presently owned, leased, managed or operated Real Property.

(d) To the Company's knowledge, there are no conditions existing at any Real Property or with respect to any other assets of the Company and its subsidiaries that require, or

which with the giving of notice or the passage of time or both may require, monitoring, assessment, investigation, remedial or corrective action costing more than $15,000 in the aggregate, or removal or closure pursuant to the Environmental Laws.

(e) The Company and its subsidiaries have provided or have made available to the Buyer all environmental reports, assessments, audits, studies, investigations, data and other written environmental information in their custody, possession or control concerning their assets and the Real Property.

(f) Except as set forth in Schedule 3.17(f) of the Disclosure Schedule, the Company and its subsidiaries have not during the Ownership Period, or at the time of the acquisition of businesses or assets by the Company or one of its subsidiaries, contractually, or by operation of law, by the Environmental Laws, by common law or otherwise assumed or succeeded to any Environmental Liabilities of any predecessors or any other Person. Schedule 3.17(f) of the Disclosure Schedule also sets forth all environmental liabilities disclosed to the Company or any of its subsidiaries under business acquisition agreements.

(g) The Company and its subsidiaries have not during the Ownership Period, engaged in any manner or respect in any application of any oil or Hazardous Substances on roads or for dust control or paving purposes.

3.18 **Labor Difficulties**. Except to the extent set forth in Schedule 3.18 of the Disclosure Schedule:

(a) there is no labor strike or dispute, grievance, arbitration proceeding, slowdown or stoppage, or charge of unfair labor practice actually pending, threatened against or affecting the Company or any of its subsidiaries;

(b) none of the Company or any of its subsidiaries has, during the Ownership Period, experienced any work stoppage or other labor dispute including, without limitation, the filing of an unfair labor practice complaint against it;

(c) there are no charges or complaints of discrimination pending before the Equal Employment Opportunity Commission or any state or local agency with respect to the Company or any of its subsidiaries;

(d) no union or collective bargaining agreement which is binding on the Company or any of its subsidiaries restricts any of them from relocating or closing any operations; and

(e) no unions or other collective bargaining units have been certified or recognized by the Company or any of its subsidiaries as representing any of its employees and there are no existing union organizing efforts or representation questions with respect to any of the employees of the Company or any of its subsidiaries.

3.19 Employee Benefit Plans.

(a) Schedule 3.19 of the Disclosure Schedule contains a true and complete list of all Employee Benefit Plans. With respect to each Employee Benefit Plan, copies, if applicable, of the documents embodying or relating to the Employee Benefit Plan, including, without limitation, the Employee Benefit Plan document(s), all amendments thereto, related trust or funding agreements, insurance contracts, written summaries of any unwritten Employee Benefit Plan and summary plan descriptions, annual reports and each communication received by or furnished to the Company or any ERISA Affiliate from any governmental authority have been made available to Buyer.

(b) Except with regard to the Multiemployer Plans (as defined herein) disclosed on Schedule 3.19 of the Disclosure Schedule, none of the Company, ERISA Affiliates, or any of their respective predecessors has during the last 6 years contributed to, contributes to, has been required to contribute to, or otherwise participated in or participates in or in any way, directly or indirectly, has any liability with respect to: (i) any "multiemployer plan" (within the meaning of Sections (3)(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code) ("**Multiemployer Plan**"), (ii) any "pension plan" (within the meaning of Section 3(2) of ERISA), or (iii) any plan intended to qualify under Section 401(a) of the Code. With respect to each Multiemployer Plan on Schedule 3.19 of the Disclosure Schedule: (i) other than with regard to the obligation to pay contributions to a Multiemployer Plan in the ordinary course, none of the Company, any ERISA Affiliate, or their predecessors has incurred or has any reason to believe it has incurred or will incur any liability of any kind (including, without limitation, withdrawal liability (whether actual or contingent), liabilities for excise taxes, liabilities for contributions and liabilities to the Pension Benefit Guaranty Corporation (the "**PBGC**")); (ii) the Company and each ERISA Affiliate have timely made any required contributions or payments to any Multiemployer Plan; and (iii) if the Company or any ERISA Affiliate were to have a complete or partial withdrawal as of the Closing, no obligation to pay withdrawal liability would exist on the part of the Company or any ERISA Affiliate with respect to any of the Multiemployer Plans.

(c) With respect to each of the Employee Benefit Plans on Schedule 3.19 of the Disclosure Schedule, other than the Multiemployer Plans as to which the following statements are made to the Company's knowledge: (i) all payments required by any Employee Benefit Plan, any collective bargaining agreement or other agreement, or by law with respect to all periods for the 6 years preceding the date of the Closing shall have been made prior to the Closing; (ii) no claim, lawsuit, arbitration or other action has been threatened, asserted, instituted, or anticipated against the Employee Benefit Plans (other than non-material routine claims for benefits, and appeals of such claims), any trustee or fiduciaries thereof, the Company, any ERISA Affiliate, any director, officer, or employee thereof, or any of the assets of any trust of the Employee Benefit Plans; (iii) the Employee Benefit Plan complies and has been maintained and operated in accordance with its terms and applicable law, including, without limitation, ERISA and the Code; (iv) no "prohibited transaction," within the meaning of Section 4975 of the Code and Section 406 of ERISA, has occurred or is expected to occur with respect to the Employee Benefit Plan; (v) no Employee Benefit Plan is or expected to be under audit or investigation by the IRS, DOL, or any other governmental

authority and no such completed audit, if any, has resulted in the imposition of any tax or penalty; and (vi) with respect to each Employee Benefit Plan that is funded mostly or partially through an insurance policy, neither the Company nor any ERISA Affiliate has any liability in the nature of retroactive rate adjustment, loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events occurring on or before the Closing.

(d) Except as set forth in the agreements specifically listed in Schedule 3.12 of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not give rise to any liability, including, without limitation, liability for severance pay, unemployment compensation, termination pay, or withdrawal liability, or accelerate the time of payment or vesting or increase the amount of compensation or benefits due to any employee, director, shareholder, or partner of the Company (whether current, former, or retired) or their beneficiaries solely by reason of such transactions. No amounts payable under any Plan will fail to be deductible for federal income tax purposes by virtue of Sections 280G of the Code.

(e) Neither the Company nor any ERISA Affiliate maintains, contributes to, or in any way provides for any benefits of any kind whatsoever (other than under Section 4980B of the Code, the Federal Social Security Act, or a plan qualified under Section 401(a) of the Code) to any current or future retiree or terminee. Neither the Company nor any ERISA Affiliate, or any officer or employee thereof, has made any promises or commitments, whether legally binding or not, to create any additional plan, agreement, or arrangement, or to modify or change any existing Employee Benefit Plan. No event, condition, or circumstance exists that would prevent the amendment or termination of any Employee Benefit Plan.

3.20 Questionable Payments. To the knowledge of the Company and the Majority Members, none of the Company, its subsidiaries or any Member, director, officer, agent, employee, or any other Person acting on behalf of the Company or any of its subsidiaries, has, directly or indirectly, during the Ownership Period used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses; made any unlawful payment to government officials or employees or to political parties or campaigns; established or maintained any unlawful fund of corporate monies or other assets; made or received any bribe, or any unlawful rebate, payoff, influence payment, kickback or other payment; given any favor or gift which is not deductible for federal income tax purposes; or made any bribe, kickback, or other payment of a similar or comparable nature, to any governmental or non-governmental Person, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions, or to pay for favorable treatment for business or for special concessions secured.

3.21 Finders. Except as set forth in Section 3.21 of the Disclosure Schedule, none of the Members, the Company or any of its subsidiaries or any of their respective directors or officers has taken any action that, directly or indirectly, would obligate Buyer, the Company or ADS to anyone acting as broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

3.22 Bank Accounts. Schedule 3.22 of the Disclosure Schedule contains a true and complete list of (a) the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Company or any of its subsidiaries has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship; (b) a true and complete list and description of each such account, box and relationship; and (c) the name of every Person authorized to draw thereon or having access thereto.

3.23 Pooling-of-Interests; Taxable Transaction. None of the Members, the Company, its subsidiaries, or, to their knowledge, any of their Affiliates has taken or agreed or intends to take any action or has any knowledge of any fact or circumstance that would prevent the Merger from being treated for financial accounting purposes as a "pooling-of-interests" in accordance with generally accepted accounting principles and the rules, regulations and interpretations of the SEC. The Company has received the letter attached hereto as Exhibit 3.23 from Arthur Andersen in respect of pooling-of-interests accounting treatment of the Merger.

3.24 Disclosure. No representation or warranty by the Company or any Member in this Agreement or any statement contained in the Disclosure Schedule or any certificates delivered hereunder contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained herein in light of the circumstances under which it was made, not false or misleading. All copies of contracts, agreements, and other documents made available to Buyer or any of its representatives pursuant hereto were complete copies of such contracts, agreements, or other documents.

ARTICLE 4.
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Company and the Members as follows:

4.1 Organization and Qualification. Buyer is duly organized, validly existing and in good standing under the law of its state of incorporation with full corporate power and authority to own its properties and to carry on its business as now conducted.

4.2 Authority, Binding Obligation. Buyer has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and all agreements collateral hereto and consummate the transactions contemplated herein and therein. The execution, delivery and performance by Buyer of this Agreement and the agreements collateral hereto and the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate actions and no other action on the part of Buyer is necessary to consummate the transactions contemplated hereby and thereby. This Agreement and the agreements collateral hereto have been duly executed and delivered by Buyer and constitute the legal, valid and binding obligations of Buyer, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditor's rights generally and to general

equitable principles. Neither the execution and delivery of this Agreement by Buyer nor the consummation of the transactions contemplated herein by Buyer, nor the full performance by Buyer of its obligations hereunder do or will: (i) violate any provision of its certificate of incorporation of by-laws; (ii) result in a breach of, or constitute a default under (with or without notice, lapse of time or both) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to the Allied Waste Merger Agreement; (iii) result in a breach of, or constitute a default under (with or without notice, lapse of time or both) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or contract to which the Company or any of its subsidiaries is a party or by which any of them (or any of their respective assets or Properties) is subject or bound; (iv) violate any writ or injunction to which Buyer or its subsidiaries are subject or any applicable statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity; or (v) require any of the Buyer or its subsidiaries to obtain any Consent, except as may be required under the HSR Act, which, in the cases of clauses (iii), (iv) or (v) above, would have a Material Adverse Effect with respect to ADS.

4.3 **Finders**. None of Buyer, ADS nor any of their respective directors or officers has taken any action that, directly or indirectly, would obligate the Members to pay a fee to anyone acting as a broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

4.4 **ADS Shares**. The ADS Shares to be issued hereunder have been duly authorized and, upon issuance thereof in accordance with the terms set forth herein, will be validly issued, fully paid, non-assessable and free of any Encumbrances, preemptive or other securities rights. The ADS Shares will upon issuance be registered under the Exchange Act, will be issued pursuant to an effective Registration Statement under the Securities Act and, at the time of their issuance, will be duly included for quotation on the NASDAQ National Market System.

4.5 **SEC Documents**. ADS has filed all required reports, schedules, forms, statements and other documents with the SEC (the "**SEC Documents**"). ADS has made available to the Members true, correct and complete copies of the final, effective versions of all post-December 31, 1997 Registration Statements on Form S-1, S-3 and S-8, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and proxy statements included within the SEC Documents, including without limitation, ADS's annual report on Form 10-K for the fiscal year ended December 31, 1997 and ADS's Prospectus dated April 3, 1998. All final, effective SEC Documents (other than material which was subsequently amended), as of their respective effective dates, complied as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act. None of the final, effective SEC Documents, as of their respective dates, contained any untrue statements of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent such statements have been amended, modified or superseded by later SEC Documents.

4.6 Financial Statements. ADS's consolidated financial statements included in the SEC Documents (a) were prepared in all material respects in accordance with the books of account and other financial records of Buyer and its subsidiaries, (b) fairly present the consolidated financial condition, results of operations, changes in retained earnings and cash flow of ADS and its subsidiaries as of the dates and for the periods covered thereby and (c) have been prepared in accordance with United States generally accepted accounting principles applied on a basis consistent with past practice (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Form 10-Q, and, with respect to interim statements, subject to year-end adjustments).

4.7 No Material Adverse Change. Since March 31, 1998, except as disclosed in the SEC Documents, there has not been any change in the condition (financial or otherwise) of the business of ADS or the liabilities, assets, customer or supplier relations, operations, results of operations, prospects or condition (financial or otherwise) of ADS and its subsidiaries, taken as a whole, which change would have a Material Adverse Effect.

4.8 Brokers and Finders. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangement made by or on behalf of Buyer.

4.9 Full Disclosure. No representation or warranty of Buyer in this Agreement or any certificate furnished to the Members pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

4.10 Pooling-of-Interests. None of ADS or, to the knowledge of Buyer, its Affiliates has taken or agreed or intends to take any action or has any knowledge of any facts or circumstances that would prevent the Merger from being treated for financial accounting purposes as a pooling-of-interests in accordance with generally accepted accounting principles and the rules, regulations and interpretations of the SEC. ADS has received the letter attached hereto as Exhibit 4.10 from Ernst & Young, LLP in respect of pooling-of-interests accounting treatment of the Merger.

ARTICLE 5.
COVENANTS

5.1 Conduct of Business of the Company and its Subsidiaries. The Company shall from the date hereof and until the Closing Date, except as contemplated by this Agreement or expressly consented to by an instrument in writing signed by Buyer, cause the Company and its subsidiaries: (i) to conduct its business and operations in all material respects only in the ordinary course, consistent with past practice; (ii) to maintain and preserve its Properties in all material respects on a basis consistent with past practice; (iii) to maintain adequate insurance upon its Properties and with respect to the conduct of its business consistent with current practices; (iv) to

preserve its business operations and organizations intact; (v) to keep available the services of its current officers and satisfactorily-performing employees; (vi) to preserve its current advantageous business relationships, including without limitation the goodwill of its customers and suppliers and others having business relationships with it; (vii) not to create, incur, assume, or suffer to exist debt relating to the borrowing of money, except for borrowings from Comerica Bank, or liens, other than those liens incurred in the ordinary course of business, consistent with past practice or set forth in the Disclosure Schedule; (viii) not to declare or pay any dividend or make any distribution in respect of its capital (other than the redemptions disclosed on Schedule 3.3); and (ix) not to convert any current assets into non-current assets other than in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, and except as contemplated in this Agreement, prior to the Closing Date, the Company and its subsidiaries will use all commercially reasonable efforts not to take any action which would result in the incorrectness as of the Closing Date of any representation and warranty contained in Article 3, without in each case the prior written consent of Buyer. Any actions taken by the Company prior to the Effective Time that are consistent with the provisions of this Section shall not be deemed to cause a breach of the representations and warranties of the Company and the Members hereunder, unless they cause a Material Adverse Effect.

5.2 **Company Records.** Prior to the Closing Date, the Company and its subsidiaries shall afford Buyer, its attorneys, accountants and representatives, free and full access to the business, books, records and employees of the Company and its subsidiaries during normal business hours, and shall provide to Buyer and its representatives such additional financial and operating data and other information as the Buyer shall from time to time reasonably request.

5.3 **Filings and Authorizations.** Each of the Company and Buyer, as promptly as practicable, (i) shall make, or cause to be made, all such filings and submissions under laws, rules and regulations applicable to it or its Affiliates, as may be required to consummate the Merger in accordance with the terms of this Agreement; (ii) shall use all commercially reasonable efforts to obtain, or cause to be obtained, all authorizations, approvals, consents and waivers from all governmental and non-governmental Persons necessary to be obtained by it or its Affiliates, in order to consummate the Merger (including without limitation filings under the HSR Act, subject to the last sentence of this Section); and (iii) shall use all commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its obligations hereunder. The Company, its subsidiaries and Buyer shall coordinate and cooperate with one another in exchanging such information and supplying such reasonable assistance as may be reasonably requested by each in connection with the foregoing. Without limiting the generality of the foregoing, ADS shall cause filings to be made on its behalf under the HSR Act within two Business Days following its receipt from the Company of the final version of the Company's filing under the HSR Act.

5.4 **Certain Income Tax Matters.**

(a) Liability of the Members for Pre-Closing Taxes. The Members shall be and remain liable for, and shall indemnify, defend, and hold the Buyer and its Affiliates harmless against,

any and all federal and state income taxes attributable to the taxable income of the Company and its limited liability company subsidiaries for all periods ending on or prior to the Closing Date. The Company's subsidiaries that are "C" corporations under the Code shall remain liable for their own Taxes, subject to the representations and warranties set forth in Section 3.8 hereof.

(b) Mutual Cooperation. As soon as practicable, but in any event within 30 days after the Members' or the Buyer's request, as the case may be, the Buyer shall or shall cause the Company to deliver to the Members, or the Members shall deliver to the Buyer, such information and other data in the possession of the Members, the Buyer, or the Company or any of its subsidiaries, as the case may be, relating to the Tax Returns and Taxes of, or with respect to, the Company and its subsidiaries, including such information and other data customarily required by the Members or the Buyer, as the case may be, to cause the payment of all Taxes or to permit the preparation of any Tax Returns for which it has responsibility or liability or to respond to audits by any taxing authorities with respect to any Tax Returns or Taxes for which it has any responsibility or liability under this Agreement or otherwise or to otherwise enable the Members or the Buyer, as the case may be, to satisfy its accounting or Tax requirements. For a period of seven years after the Closing, and, if at the expiration thereof any Tax audit or judicial proceeding is in progress or the applicable statute of limitations has been extended, for such longer period as such audit or judicial proceeding is in progress or such statutory period is extended, each party shall maintain and make available to the other, on reasonable request, copies of any and all information, books and records referred to in this Section 5.4(b). After such period, any party may dispose of such information, books and records; provided, that prior to such disposition such party shall give the other a reasonable opportunity to take possession of such information, books and records.

5.5 Publicity. From the date hereof to the Closing Date, none of the Members, the Company nor Buyer shall issue or make, and Members a party hereto and the Company shall cause the subsidiaries of the Company not to issue or make, the publication or dissemination of any press release or other announcement to divulge the existence of this Agreement or with respect to the transactions contemplated hereby except (i) as required by law or (ii) after consultation with and prior approval of the other parties hereto, which approval shall not be unreasonably withheld.

5.6 Discussions with Others. From the date hereof until the Closing Date, none of the Members a party hereto or the Company will, and the Members a party hereto and the Company will not permit any subsidiaries of the Company or any stockholder, officer, director, employee or representative of the Members a party hereto or the Company or any of its subsidiaries, to solicit or enter into negotiations with any party, other than Buyer, with regard to a purchase and sale of any portion of the capital stock, membership interests or assets of the Company or any of its subsidiaries, any material portion of the assets of the Company or any of its subsidiaries, or any merger or consolidation of the Company or any of its subsidiaries with any third party.

5.7 Further Assurances. The parties hereto shall from time to time after the Closing Date execute and deliver such additional instruments and documents as any party hereto may reasonably request to consummate the transfers and other transactions contemplated hereby. No

party hereto shall take or cause to be taken any action which, to their knowledge, would disqualify the business combination to be effected by this Agreement as a "pooling-of-interests" for accounting purposes and shall take all reasonable action required to be taken by them in order for the business combination to be effected by this Agreement to qualify as a "pooling-of-interests."

5.8 Tax Treatment. Each of Buyer and the Members a party hereto acknowledge that, for federal income tax purposes, the Merger is intended to constitute a taxable sale of the LLC Interests (which are treated as partnership interests for federal income tax purposes). None of the Buyer or the Members that are parties hereto shall take a position inconsistent with the foregoing.

5.9 Debt Repayment. ADS shall, simultaneously with the Closing hereunder, cause the repayment of all of the Company's indebtedness to (i) Comerica Bank arising under the Second Amended and Restated Credit Arrangement dated February 20, 1998, as amended (and related documents), between the Company and Comerica Bank and identified as item No. 62 of Schedule 3.12 of the Disclosure Schedules and (ii) the holders of the Company's Special A Shares and Special B Shares who elect prior to Closing to have the Company redeem such shares held by them in respect of the redemption of such shares under the terms of the Company LLC Agreement.

ARTICLE 6.
RESTRICTIVE COVENANTS

6.1 Non-Solicitation of Employees. After the Closing Date, except with respect to the individuals identified on Schedule 6.1, no Majority Member shall directly or indirectly, for its own account or on behalf of any other Person, induce or attempt to induce any person who is an officer or key employee of any of Buyer, the Company or any of its subsidiaries as of the date hereof to leave his or her employment with any of Buyer, the Company or any of its subsidiaries or any Affiliates of Buyer at any time within one year from the date hereof, except as the parties may otherwise agree.

6.2 Confidential Information. No Majority Members or the current officers of the Company shall at any time for a one-year period after Closing use or disclose to any Person other than Buyer any material confidential information, knowledge or data relating to the business of the Company or any of its subsidiaries (including without limitation information relating to accounts, financial dealings, transactions, trade secrets, intangibles, customer lists, pricing lists, processes, plans and proposals), whether or not marked or otherwise identified as confidential or secret, which could have an adverse impact on the Company, its subsidiaries or their prospects.

6.3 Acknowledgments. The Majority Members acknowledge that, in view of the nature of the business of the Company and its subsidiaries, the business objectives of Buyer in effecting the Merger and the consideration paid to the Members therefor, the restrictions contained in this Article 6 are reasonably necessary to protect the legitimate business interests of Buyer and that any violation of such restrictions will result in irreparable injury to Buyer for which damages will not be an adequate remedy. The Members a party hereto therefore acknowledge that, if any such restrictions

are violated, Buyer shall be entitled to preliminary and injunctive relief as well as to an equitable accounting of earnings, profits and other benefits arising from such violation. Buyer acknowledges that Buyer will not use any matters specifically disclosed in the Disclosure Schedule as a basis for refusing to close hereunder. Buyer also acknowledges that Laurel Mountain Partners LLC has formed another entity using the name "Liberty Waste Services" and is exploring possible acquisition transactions using such new entity and, subject to the non-competition agreement required hereby, such acquisitions, if they take place, shall not be deemed to be a corporate opportunity of the Company, shall not be deemed to be assets of the Company and such actions shall not constitute a breach of any provision hereof. The Buyer acknowledges that the names "Liberty" and "Liberty Waste Services" shall remain with Jeffrey D. Kendall, Donald E. Rea and C. Andrew Russell (the founding Members of the Company) and agrees that after Closing Buyer and its Affiliates shall not use such names or any variations thereof in its businesses or in the business of the Company and its subsidiaries, except for a 30-day transitional period after the Closing Date. Buyer also acknowledges and agrees that Jeffrey D. Kendall, Stephen J. McCarthy, James P. Gleeson and C. Andrew Russell and the members of the board of managers of the Company and its subsidiaries will terminate their employment and resign as directors, respectively, of the Company and the subsidiaries effective at the Effective Time. Buyer also acknowledges that after Closing the executive offices of the Company will no longer be available to the Company or its subsidiaries and that within 30 days after Closing the Company must remove all of its files and records from their current location in Pittsburgh, Pennsylvania.

6.4 **Members' Consent**. Each Member a Party Hereto, *Qua* Member of the Company, Does Hereby Approve of the Merger as Contemplated by Section 18-209 of the DLLCA.

6.5 **Consent to Use ADS SEC Documents**. ADS consents to the use by the Company of the SEC Documents referred to in Section 4.5 hereof in connection with a disclosure document prepared by the Company and delivered to its Members.

6.6 **Estoppel Letters**. The Company will use commercially reasonable efforts to obtain estoppel letters with respect to the material leases of its subsidiaries (other than the lease held by D&L Disposal for its transfer station).

ARTICLE 7.
CONDITIONS TO EFFECTIVENESS OF MERGER

7.1 **Conditions Precedent to Obligations of Buyer**. The obligation of Buyer under this Agreement to consummate the Merger shall be subject to the satisfaction, at or prior to the Effective Time, of all of the following conditions, any one or more of which may be waived by Buyer:

(a) **Representations and Warranties Accurate**. The representations and warranties of the Members a party hereto and the Company contained in this Agreement shall be true

and correct in all respects as of the date of this Agreement and as of the Effective Time with the same force and effect as though made on and as of the Effective Time.

(b) **Performance by the Members**. Each of the Members a party hereto and the Company shall have performed and complied with all covenants and agreements required to be performed or complied with by it hereunder at or prior to the Effective Time.

(c) **Consents**. All Consents required in connection with the Merger described on Schedule 7.1(c) hereto shall have been duly obtained, made or given and shall be in full force and effect, without the imposition upon Buyer, any of its Affiliates, the Company or any of its subsidiaries of any material condition, restriction or required undertaking.

(d) **Lender Approval**. The senior commercial lender to ADS shall have, in its sole discretion, approved by October 2, 1998 the entry of each Buyer into this Agreement and the consummation of the Merger.

(e) **No Legal Prohibition**. No suit, action, investigation, inquiry or other proceeding by any Governmental Entity or other Person shall have been instituted or threatened (such threat to be credible) which arises out of or relates to this Agreement, or the transactions contemplated hereby and no injunction, order, decree or judgment shall have been issued and be in effect or threatened to be issued by any Governmental Entity of competent jurisdiction, and no statute, rule or regulation shall have been enacted or promulgated by any Governmental Entity and be in effect, which in any case restrains or prohibits the consummation of the Merger.

(f) **Certificate**. Buyer shall have received a certificate, dated the Closing Date, signed by the Company, to the effect that the conditions set forth in Sections 7.1(a) and 7.1(b) have been satisfied.

(g) **Opinions of Counsel for the Majority Members and the Company**. Buyer shall have received one or more opinions, dated the Closing Date, from counsel reasonably satisfactory to the Buyer to the Majority Members and the Company, in form and substance reasonably satisfactory to Buyer. Buyer acknowledges that the opinion of Kirkpatrick & Lockhart LLP, in substantially the form annexed hereto as Exhibit 7.1(g), shall be satisfactory to Buyer with regard to the Company and Laurel Mountain Partners LLC.

(h) **HSR Act**. The required waiting period under the HSR Act shall have expired or been earlier terminated without any indication that the FTC or the Justice Department intends to take any further action.

(i) **Small Business Set-Asides**. None of the customer accounts of the Company or any of its subsidiaries shall have been designated by the appropriate Governmental Entity as "small business set-aside" contracts.

(j) **Business Conducted in Ordinary Course.** No material adverse change shall have occurred in the business of the Company or any of its subsidiaries and no other event, loss, damage, condition or state of facts of any character shall exist which has a Material Adverse Effect with respect to the Company.

(k) **Releases.** Each officer and director of each of the Company and its subsidiaries and each Majority Member shall have delivered to Buyer a general release releasing all claims of any kind each has or may have against the Company or any of its subsidiaries, such release not extending to fraud, criminal acts or matters arising under this Agreement.

(l) **Members' Non-Competition Agreements.** Jeffrey D. Kendall, Donald E. Rea, C. Andrew Russell, James T. Cronin, Michael K. Luken, James Van Poppel, Steve McCarthy and James Gleeson shall each have executed and delivered to Buyer a Non-Competition Agreement in the form set forth on Exhibit 7.1(l) and which shall be satisfactory in form and substance to Buyer in all other respects; provided, that the Non-Competition Agreement to which Mr. Gleeson is a party shall only have a duration of two years from the date of the Closing.

(m) **Pooling Documents.** Each of ADS and the Company shall have received from (i) Ernst & Young a letter to the effect that the Merger will qualify for a pooling-of-interests accounting treatment if consummated in accordance with this Agreement, (ii) Arthur Andersen a letter to the effect that the Company and its subsidiaries are poolable entities, and (iii) restrictive agreements from their respective Affiliates to the effect that such Affiliates will not transfer ADS Shares (or shares of Allied Waste common stock) at any time that would adversely affect the parties' ability to account for the Merger as a pooling-of-interests.

(n) **Information Regarding Members.** At least five Business Days prior to the Closing, the Company shall have advised Buyer of the name, address and social security or taxpayer identification number of each of the Members.

(o) **Additional Documents, Etc.** The Company shall have delivered to Buyer such other documents, instruments and certificates as shall be reasonably requested by Buyer or Buyer's counsel for the purpose of effecting the transactions provided for and contemplated by this Agreement.

7.2 **Conditions Precedent to Obligations of the Members.** The obligations of the Members a party hereto and the Company under this Agreement to consummate the Merger shall be subject to the satisfaction, at or prior to the Effective Time, of all the following conditions, any one or more of which may be waived by the Members and the Company:

(a) **Representations and Warranties Accurate.** The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects as of the date of this Agreement and as of the Effective Time with the same force and effect as though made on and as of the Effective Time.

(b) Performance by Buyer. Buyer shall have performed and complied with all covenants and agreements required to be performed or complied with by the Buyer hereunder on or prior to the Effective Time.

(c) No Legal Prohibition. No suit, action, investigation, inquiry or other proceeding by any Governmental Entity or other Person shall have been instituted or threatened (such threat to be credible) which arises out of or relates to this Agreement or the transactions contemplated hereby and no injunction, order, decree or judgment shall have been issued and be in effect or threatened to be issued by any Governmental Entity of competent jurisdiction, and no statute, rule or regulation shall have been enacted or promulgated by any Governmental Entity and be in effect which in each case restrains or prohibits the Merger.

(d) Certificate. The Members shall have received a certificate, dated the Closing Date, signed on behalf of Buyer by a principal corporate officer of Buyer, to the effect that the conditions set forth in Sections 7.2(a) and 7.2(b) have been satisfied.

(e) Opinion of Counsel for Buyer. The Members shall have received an opinion from Proskauer Rose LLP, special counsel to the Buyer, dated the Closing Date, in substantially the form annexed hereto as Exhibit 7.2(e).

(f) HSR Act. The required waiting period under the HSR Act shall have expired or been earlier terminated without any indication that the FTC or the Justice Department intends to take any further action.

(g) Personal Guarantees. The personal guarantees of the Members to Comerica Bank shall have been released.

(h) Pooling Documents. Each of ADS and the Company shall have received from (i) Ernst & Young a letter to the effect that the Merger will qualify for a pooling-of-interests accounting treatment if consummated in accordance with this Agreement, (ii) Arthur Andersen a letter to the effect that the Company and its subsidiaries are poolable entities, and (iii) restrictive agreements from their respective Affiliates to the effect that such Affiliates will not transfer ADS Shares (or shares of Allied Waste common stock) at any time that would adversely affect the parties' ability to account for the Merger as a pooling-of-interests.

(i) NASDAQ. The ADS Shares to be delivered at the Closing shall have been authorized for inclusion on the Nasdaq National Market System, upon official notice of issuance.

(j) Registration. The issuance of the ADS Shares at the Closing shall have been effected pursuant to an effective registration statement under the Securities Act.

(k) Employment Agreement. ADS shall have used its reasonable efforts to negotiate, consistent with its past practice regarding employment agreements, an employment

agreement with Thomas Manske on the general terms set forth in the draft agreement annexed hereto as Exhibit 7.1(k).

(l) **Allied Waste Merger**. Simultaneously with the execution and delivery of this Agreement, Allied Waste has entered into an agreement to be bound by certain provisions of this Agreement if the closing under the Allied Waste Merger Agreement takes place prior to the Closing. Such agreement shall be in full force and effect on and as of the date of the Closing and Allied Waste shall have performed and complied with such agreement to the extent required thereunder prior to the Closing.

(m) **Material Adverse Effect**. There shall have occurred no event, whether by reason of regulatory action or otherwise, occurring after the date hereof that would have a Material Adverse Effect on Buyer or Allied Waste.

(n) **Termination**. The agreements identified on Schedule 7.2(n) shall have been terminated or transferred to Laurel Mountain Partners LLC.

(o) **Additional Documents, Etc.** Buyer shall have delivered to the Members such other documents, instruments and certificates as shall be reasonably requested by the Members or the Members' counsel for the purpose of effecting the transactions provided for and contemplated by this Agreement.

ARTICLE 8.
INDEMNIFICATION

8.1 **Survival of Representations and Warranties**. All representations and warranties contained in Articles 3 and 4 shall survive the Effective Time and remain in full force and effect following the Effective Time, but all such representations and warranties shall terminate at the General Escrow Claim Termination Date.

8.2 **Indemnification; Claims Made Against General Escrow Shares**. During the period from and after the Effective Time up to the General Escrow Claims Termination Date, the Members shall indemnify Buyer, its Affiliates, the Company and its subsidiaries and their respective directors, officers and employees (collectively, "**Buyer Claimants**" and individually, "**Buyer Claimant**") from and hold them harmless against all demands, claims, actions, liabilities, losses, costs, damages or expenses whatsoever (including without limitation reasonable attorneys' fees and expenses) (collectively, "**Claims**") asserted against, imposed upon or incurred by any Buyer Claimant resulting from or arising out of: (i) any inaccuracy or breach of any representation or warranty of the Company or any Member contained herein and (ii) any breach of any covenant or obligation of the Company or any Member contained herein; *provided, however*, that the right of Buyer for any Claims under this Section shall be limited in amount to 10% of the Merger Consideration, shall first be made by assessment against the General Escrow Shares held by the

Escrow Agent at the time a Claim is made and may be made only after the aggregate amount of Claims under this Section exceeds $200,000, and only to the extent of such excess; and that all payments hereunder shall be made in shares of ADS Common Stock or, if the closing occurs under the Allied Waste Merger Agreement, shares of common stock of Allied Waste, valued, for the purpose, at the ADS Average Common Stock Value.

8.3 **Claim Against Special Escrow Shares.** During the period from and after the Effective Time up to the Special Escrow Claim Termination Date, the Buyer may recoup from and assess against the Special Escrow Shares, Pro Rata among the Members at the ADS Average Common Stock Value, all Claims asserted against, imposed upon or incurred by any Buyer Claimant for the specific matters described on Schedule 8.3; *provided, however,* that the right of Buyer for any Claims under this Section 8.3 shall be limited to the Special Escrow Shares in accordance with the Special Escrow Agreement and the number of Special Escrow Shares assessable for any specific Claim shall be limited as provided in Section 2.6(d).

8.4 **Indemnification by Buyer.** During the period from and after the Effective Time up to the General Escrow Claim Termination Date, Buyer shall indemnify and save the Members, their Affiliates and their respective agents, successors and assigns (collectively "**Seller Claimants**" and individually "**Seller Claimant**") harmless from and defend each of them from and against any and all Claims asserted against, imposed upon or incurred by the Seller Claimants resulting from or arising out of (i) any inaccuracy or breach of any representation or warranty of Buyer contained herein and/or (ii) any breach of any covenant or obligation of Buyer contained herein; *provided, however*, that Buyer's obligations under this Section 8.4 shall be limited in amount to 10% of the Merger Consideration; that Claims under this Section 8.4 may be made only after the aggregate amount of Claims under this Section exceeds $200,000, and only to the extent of such excess; and that all payments hereunder shall be made in shares of ADS Common Stock or, if the Closing occurs under the Allied Waste Merger Agreement, shares of common stock of Allied Waste, valued, for this purpose, at the ADS Average Common Stock Value.

8.5 **Terms and Conditions of Indemnification.**

(a) The party seeking recoupment, assessment or indemnification hereunder (the "**Claimant**") must give the other party or parties hereto, as the case may be (the "**Indemnitor**"), written notice of any such claim promptly. The Claimant's failure to give prompt notice, however, shall not serve to eliminate or limit the Claimant's right to indemnification hereunder except to the extent such failure materially prejudices the rights of the Indemnitor.

(b) The respective obligations and liabilities of the Members and of Buyer to indemnify pursuant to this Article 8 in respect of any claim by a third party shall be subject to the following additional terms and conditions:

(i) The Indemnitor shall have the right to undertake, by counsel or other representatives of its own choosing reasonably satisfactory to Claimant, the defense, compromise, and settlement of such Claim.

(ii) In the event that the Indemnitor shall elect not to undertake such defense, or within a reasonable time after notice of any such claim from the Claimant shall fail to defend, the Claimant (upon further written notice to the Indemnitor) shall have the right to undertake the defense, compromise or settlement of such claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the Indemnitor.

(iii) Notwithstanding anything in this Section 8.5 to the contrary, (A) if there is a reasonable probability that a Claim may materially and adversely affect the Claimant other than as a result of money damages or other money payments, the Claimant shall have the right, at its own cost and expense, to participate in the defense, compromise or settlement of the Claim, (B) the Indemnitor shall not, without the Claimant's written consent, settle or compromise any Claim (which consent shall not be unreasonably withheld by Claimant, *provided, however*, that if Claimant does withhold consent, the Indemnitor's liability shall be capped at the amount of the requested settlement or compromise for the Claim), or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the claiming party or the plaintiff to the Claimant of a release from all liability in respect of such claim, and (C) in the event that the Indemnitor undertakes defense of any Claim, the Claimant by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the Indemnitor and its counsel or other representatives concerning such claim and the Indemnitor and the Claimant and their respective counsel or other representatives shall cooperate with respect to such claim, subject to the execution and delivery of a mutually satisfactory joint defense agreement.

(iv) After making a Claim against General Escrow Shares as provided in Section 8.2, but prior to assessing General Escrow Shares with respect to such Claim, Buyer shall first exhaust any available insurance or indemnification rights that Buyer or the Company may have with respect to the matter giving rise to such Claim before the Members forfeit the right to receive such General Escrow Shares; *provided, however,* that Buyer Claimants shall have no obligation to appeal any judicial determinations adverse to them in connection with pursuing any such indemnification rights.

(v) Any party hereto may dispute any Claim made by any other party hereto, and such dispute shall be resolved in the manner provided in Section 9.4.

8.6 **Exclusive Remedy.** The remedies set forth in this Article 8 or elsewhere in this Agreement are the exclusive post-Closing remedies of the parties for any breach of any representations, warranties, covenants and agreements contained in this Agreement (with the exception of fraud).

8.7 Waiver. The Buyer hereby waives any conflict of interest that may exists as a result of the representation by Kirkpatrick & Lockhart LLP, Arthur Andersen or other independent professional advisors of the Company and its Subsidiaries prior to the Closing and the representation by those advisors of the Members after Closing in connection with this Agreement, including any dispute governed by this Article 8 and Section 9.4.

ARTICLE 9.
MISCELLANEOUS

9.1 Termination; Break-Up Fee. This Agreement may be terminated and abandoned prior to Closing by Buyer or the Members, by written notice to the other party or parties, if the Effective Time has not occurred by the close of business on December 31, 1998. If this Agreement is terminated and there is no Closing hereunder solely as a result of a breach hereof by Buyer, then Buyer shall promptly pay to the Company a fee of $1 million as liquidated damages and not as a penalty.

9.2 Expense. Buyer shall pay up to an aggregate of $800,000 of severance costs provided in the severance agreements listed in Schedule 3.12 of the Disclosure Schedule, up to an aggregate of $200,000 of the other transaction expenses (including attorneys' and accountants' fees) incurred by the Company in connection with the transactions contemplated hereby and all the expenses incurred by it in connection with this Agreement and the transactions contemplated hereby. Except as set forth in the previous sentence, the Members shall pay all transaction expenses incurred by any of them or the Company, including without limitation severance costs whether or not disclosed to Buyer, in connection with the transactions contemplated hereby.

9.3 Appointment of Members' Representatives.

(a) Appointment. Upon approval of the Merger in accordance with the DLLCA, the Members shall be deemed for themselves and their respective successors, assigns, heirs, executors and legal representatives to have constituted and appointed, effective from and after the Effective Time, Jeffrey D. Kendall, an individual residing in Allegheny County, Pennsylvania, Donald E. Rea, an individual residing in Allegheny County, Pennsylvania, and Gary Zentner, an individual residing in Allegheny County, Pennsylvania, as the agents and representatives (the "Members' Representatives") of the Members and their respective successors, assigns, heirs, executors and legal representatives to act as their agents and representatives for all purposes under this Agreement. In the event of the death, resignation, incapacity or refusal to act of (i) Jeffrey D. Kendall, then C. Andrew Russell, an individual residing in Allegheny County, Pennsylvania, shall automatically be deemed to be appointed as successor Members' Representative to Jeffrey D, Kendall, (ii) Donald E. Rea, then Steven J. McCarthy, an individual residing in Allegheny County, Pennsylvania, shall automatically be deemed to be appointed as successor Members' Representative to Donald E. Rea, and (iii) Gary Zentner, then David M. Hillman, an individual residing in Allegheny County, Pennsylvania, shall automatically be deemed to be appointed as successor

Members' Representative to Gary Zentner, in each case subject to receipt by the Company of a written acceptance from such successor. In such event, or in the event of any of the successor Members' Representative's death, resignation, incapacity or failure to timely accept the appointment in writing, the Members shall promptly designate another individual or individuals to act as their Members' Representative or Representatives, as the case may be, under this Agreement so that at all times there will be three Members' Representatives with the authority provided in this Section. Such successor Members' Representatives shall be designated by the Members by an instrument in writing executed by Members with an aggregate interest or right to receive not less than sixty percent (60%) of the unpaid Merger Consideration and such appointment shall become effective as to the successor Members' Representatives when such instrument shall have been delivered to any such proposed successor Members' Representatives (and accepted in writing) and a copy thereof received by Buyer and Surviving LLC.

(b) **Authorization.** The Members hereby authorize the Members' Representatives, on their behalf and in their name, without inquiry of and without additional approval from the Members, to:

(i) initiate legal suits or arbitration proceedings against Buyer in the name of and on behalf of Members;

(ii) Receive all notices or documents given or to be given to the Members by Buyer or the Surviving LLC pursuant hereto or in connection herewith and to receive and accept service of legal process in connection with any suit or proceeding against the Members arising under this Agreement;

(iii) Engage counsel and such accountants and other advisors on behalf of the Members and incur such other reasonable expenses on behalf of the Members in connection with this Agreement and the transactions contemplated hereby as the Members' Representatives may deem appropriate;

(iv) Take such action on behalf of the Members as the Members' Representatives may deem appropriate in respect of:

(A) waiving any inaccuracies in the representations or warranties of Buyer or American Acquisition contained in this Agreement or in any document delivered by Buyer or American Acquisition pursuant hereto;

(B) taking such other action as the Members' Representatives are authorized to take under this Agreement;

(C) receiving all documents or certificates and making all determinations on behalf of the Members required under this Agreement;

(D) all such other matters as the Members' Representatives may deem necessary or appropriate in connection with the administration of this Agreement and the transactions contemplated hereby; and

(E) Agreeing and permitting any disbursements or payments out of the General Escrow Shares and Special Escrow Shares; and

(v) Negotiate, compromise, settle and resolve on behalf of the Members any Claim by Buyer for indemnification against the Members pursuant to Sections 8.2 or 8.3.

(c) **Irrevocable Appointment; Binding Effect.** The appointment of the Members' Representatives hereunder is irrevocable (except as provided below) and unconditional and any action taken by the Members' Representatives pursuant to the authority granted in this Section shall be effective and absolutely binding on the Members notwithstanding any contrary action of, or direction from, the Company or any of the other Members, except for actions taken by the Members' Representatives which are in bad faith or grossly negligent, and subject in all events to the right of all Members to be treated on a Pro Rata basis, in accordance with their respective rights under this Agreement to receive Merger Consideration.

(d) **Resignation and Removal.** Any Members' Representative may resign at any time by giving notice to Buyer and the Surviving LLC and to the Members (at their addresses then last known to such Members' Representative), which resignation shall be effective upon the appointment and qualification of a successor and the acceptance of the appointment by such successor. Any one or more Members' Representatives may be discharged and replaced by another person to act as his or her successor for any reason or no reason by an instrument in writing signed by Members holding in the aggregate rights to receive not less than sixty percent (60%) of the Merger Consideration than due.

(e) **Majority of Members' Representatives; Pro Rata Treatment of Members.** The act of a majority of the Members' Representatives shall be effective to bind all of the Members hereunder. Notwithstanding anything else herein to the contrary, the Members' Representatives shall treat all Members Pro Rata.

(f) **Buyer's Reliance.** Buyer and the Surviving LLC shall not be obliged to inquire into the authority of the Members' Representatives, and such parties shall be fully protected in dealing with the Members' Representatives in good faith.

(g) **Exculpation and Indemnification.**

(i) In performing any of such Members' Representatives' duties under this Agreement, the Members' Representatives shall not incur any Liability to any Person, except for Liability caused by the Members' Representatives' willful misconduct, unlawful acts or gross negligence. Accordingly, the Members' Representatives shall not incur any such Liability for (A)

any action that is taken or omitted in good faith regarding any questions relating to the duties and responsibilities of the Members' Representatives under this Agreement, or (B) any action taken or omitted to be taken in reliance upon any instrument that the Members' Representatives shall in good faith believe to be genuine, to have been signed or delivered by a proper person or persons and to conform with the provisions of this Agreement.

(ii) The Members shall, on a Pro Rata basis, indemnify, defend and hold harmless the Members' Representatives against, from and in respect of any Claims arising out of or resulting from the performance of such Members' Representatives' duties hereunder or in connection with this Agreement (except for Liabilities arising from the gross negligence, unlawful acts or willful misconduct of the Members' Representatives).

(h) **Interpleader.** If the Members' Representatives are in their sole discretion unable to resolve any disputes that may arise between them and the Members, the Members' Representatives may institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the Members.

9.4 **Arbitration.**

(a) Immediately upon determining that there is a material issue over which the parties cannot agree, the Members' Representatives and the President of ADS shall meet and attempt in good faith to agree upon a resolution of the issue upon written request of either party (the "**Trigger Date**"). Negotiations shall continue toward reaching an agreement for a period equal to the shorter of (i) thirty (30) days after the Trigger Date or (ii) a written determination by Buyer or the Members' Representatives sent to the other that an impasse exists with no likelihood of reaching an acceptable agreement.

(b) Subject to compliance with Section 9.4(a), any controversy or claim arising out of or relating to this Agreement, including without limitation a controversy or claim arising out of or relating to the breach, termination or validity of this Agreement, shall be resolved by binding arbitration in accordance with the American Arbitration Association ("AAA") Commercial Arbitration Rules, as modified by this Section 9.4(b), by a panel of three arbitrators. The AAA shall appoint such arbitrators from the AAA Panel of Neutrals for Chicago, Illinois, and arbitration hereunder shall be conducted in Chicago, Illinois. The arbitration proceeding shall commence with the filing of a demand for arbitration. Any discovery permitted by the arbitrators shall be concluded within 90 days following the submission of the demand for arbitration (subject to extension by the arbitrators if the party from which discovery is sought fails to cooperate in the discovery). Within such 90 day period, the arbitrators may permit each party to take a reasonable number of depositions and interrogatories and to make reasonable requests for the production of documents. Within 20 days after close of discovery, the parties shall submit to the arbitrators a proposed resolution of the dispute (each, a "**Proposal**"). As soon practicable after the submission of each proposal, there shall be a hearing before the arbitrators regarding the Proposals and merits of the dispute. The hearing shall be concluded with six months of the completion of discovery (subject to extension by the

arbitrators if the party not seeking extension fails to cooperate in scheduling); and each of the arbitrators shall agree, as a condition to their selection, to make themselves available to complete the hearing during that period. The panel of arbitrators shall make an award within 20 days after the conclusion of the hearing consisting of one, and only one, of Proposals made by the parties, unless the parties otherwise agree. The decision of the arbitrators shall be final and non-appealable. Any arbitration hereunder shall be governed by the United States Arbitration Act, 9 U.S.C. §§1-16 except as specifically provided herein, and judgment upon the award rendered by the arbitration panel may be entered by any court of competent jurisdiction. The party not prevailing shall pay the fees and expenses of the arbitrators.

9.5 **Amendment**. This Agreement may not be modified, amended, altered or supplemented except by a written agreement executed by Buyer, the Members who are parties hereto and the Company.

9.6 **Entire Agreement**. This Agreement, together with the Exhibits and Disclosure Schedule hereto and the instruments and other documents delivered pursuant to this Agreement, contain the entire agreement of the parties relating to the subject matter hereof, and supersede all prior agreements, understandings, representations, warranties and covenants of any kind between the parties. All others are specifically waived.

9.7 **Waivers**. Waiver by any party of any breach of or failure to comply with any provision of this Agreement by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement. No waiver of any such breach or failure or of any term or condition of this Agreement shall be effective unless in a written notice signed by the waiting party and delivered, in the manner required for notices generally, to each affected party.

9.8 **Notices**. All notices and other communications hereunder shall be validly given or made if in writing, when delivered personally (by courier service or otherwise), when sent by telecopy with confirmation, by courier service, by postage-prepaid first class mail, or when actually received when mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Section:

If to the Members:

To the addresses set forth under their names on the signature pages hereto.

If to the Company before Closing:

CNG Tower Suite 3100
625 Liberty Avenue
Pittsburgh, PA 15222-3124
Telecopier: (412) 562-0222
Attention: President

Copy to:

Kirkpatrick & Lockhart LLP
1500 Oliver Building
Pittsburgh, PA 15222
Telecopier: (412) 355-6501
Attention: David L. Forney, Esq.

If to Buyer:

American Disposal Services of Illinois, Inc.
745 McClintock Drive
Suite 230
Burr Ridge, IL 60521
Telecopier: (630) 655-1455
Attention: General Counsel

9.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware (*i.e.*, without regard to its conflicts of law rules).

9.11 Binding Effect; Third Party Beneficiaries; Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective legal representatives, successors and permitted assigns. Except as expressly set forth herein, nothing expressed or referred to in this Agreement is intended or shall be construed to give any Person other than the parties to this Agreement, or their respective legal representatives, successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, except that the Members who are not a party hereto shall be intended third party beneficiaries of this Agreement. No party may assign this Agreement nor any of its rights hereunder, other than any right to payment of a liquidated sum, nor delegate any of its obligations hereunder, without the prior written consent of the other, except that Buyer may assign its rights (with written notice to the Members and the Company) under this Agreement to any Affiliate or to any Person providing financing to Buyer, Allied Waste or any of its subsidiaries, and Allied Waste shall assume certain obligations hereunder upon the consummation of the Allied Waste Merger.

9.12 **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and any such provision, to the extent invalid or unenforceable, shall be replaced by a valid and enforceable provision which comes closest to the intention of the parties underlying such invalid or unenforceable provision.

9.13 **Headings.** The headings contained in this Agreement are for reference purposes only and shall not modify, define, limit, expand or otherwise affect in any way the meaning or interpretation of this Agreement.

9.14 **No Agency.** No party hereto shall be deemed hereunder to be a partner or joint venture with any other party hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

The Company: LIBERTY WASTE SERVICES LIMITED, LLC

By: _____
Name: Timothy B. Clarkson
Title: President

ADS-Illinois: AMERICAN DISPOSAL SERVICES OF ILLINOIS, INC.

By: _____
Name: Richard De Young
Title: President

American Acquisition: AMERICAN MERGER AND ACQUISITION CORP.

By: _____
Name: Richard De Young
Title: President

ADS: AMERICAN DISPOSAL SERVICES, INC.

By: _____
Name: Richard De Young
Title: President

Members: Signature:
Print Name:

Address:

EIN#:

or

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address: 3100 CNG. Tower
Pgh. PA 15222

EIN#:

or

SSN#:

Date:

Signature:

Print Name: Van Poppel, Ltd.

Address:

EIN#:

or

SSN#:

Date:

Signature:

Print Name: PNC Capital Corp.

Address:

EIN#:

or

SSN#:

Date:

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address:

EIN#:

or

SSN#:

Date:

Signature: James VanPoppel

Print Name: Van Poppel, Ltd. James VanPoppel

Address: P.O. Box 736
0-231 County Road 12
Napoleon, Ohio 43545

EIN#: 31-1451154

or

SSN#:

Date: 9-23-98

Signature:

Print Name: PNC Capital Corp.

Address:

EIN#:

or

SSN#:

Date:

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SEP 23 '98 16:29 412 562 0248 PAGE.04

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address:

EIN#:

or

SSN#:

Date:

Signature: James VanPoppel

Print Name: Van Poppel, Ltd. James VanPoppel

Address: P.O. Box 736
0-231 County Road 12
Napoleon, Ohio 43545

EIN#: 31-1451154

or

SSN#:

Date: 9-23-98

Signature:

Print Name: PNC Capital Corp.

Address:

EIN#:

or

SSN#:

Date:

Members:

Signature:

Print Name: Laurel Mountain Partners LLP

Address:

EIN#:

or

SSN#:

Date:

Signature:

Print Name: Van Poppel, Ltd.

Address:

EIN#:

or

SSN#:

Date:

Signature: Dan Zentres

Print Name: PNC Capital Corp. PRESIDENT

Address:

EIN#:

or

SSN#:

Date:

Signature: Barry Zentner PRESIDENT

Print Name: PNC Venture Corp.

Address:

EIN#:

or

SSN#:

Date:

ASSET PURCHASE

[redacted].

(GROEN)

BY

ALLIED WASTE INDUSTRIES (MIDWEST), INC.

September 30, 1994

-CORPORATE-

ASSET PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into this 30th day of September, 1994, by and among ALLIED WASTE INDUSTRIES, INC. ("Allied"), a Delaware corporation, solely in its capacity as guarantor, ALLIED WASTE INDUSTRIES (MIDWEST), INC., an Illinois corporation (hereinafter referred to as the "Buyer"), RG INVESTORS CORPORATION, an Illinois corporation (the "Company"), and ROGER GROEN, Sr. and ROGER GROEN, Jr. (hereinafter referred to collectively as the "Shareholders");

WITNESSETH:

WHEREAS, the Company is negotiating the acquisition of the portion of the business and assets of Mid-American Waste Systems, Inc., an Illinois corporation ("Mid-American"), operated by Mid-American at 3100 West Wireton Road, Blue Island, Illinois 60406, under the trade name "Groen Waste Disposal" (the "Acquisition")

WHEREAS, subject to the completion of the Acquisition, the Company and Shareholders desire to transfer the assets of the Company acquired in the Acquisition to Buyer, and Buyer desires to acquire such assets in exchange for the consideration set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

1. Asset Purchase and Sale.

a. Subject to and in accordance with the provisions hereof, the Company agrees to sell, convey, transfer and deliver to Buyer on the Closing Date (as hereinafter defined) the assets described in Exhibit A attached hereto and incorporated herein by reference (collectively, the "Assets").

b. Subject to the provisions hereof, the Buyer agrees to pay the purchase price for the Assets at the closing as follows:

i. ~~One~~ Five Million Two Hundred Eighteen Thousand and no/100 dollars (~~$1,218,000.00~~) of the purchase price shall be paid in cash. ($5,218,000.00)

ii. Eight Hundred Eighty-Two Thousand Two Hundred Ninety-Six and no/100 dollars ($882,296.00.) of the purchase price shall be paid to the Company by the assumption by Buyer of certain indebtedness of the Company.

iii. One Million and no/100 dollars ($1,000,000.00) of the purchase price shall be paid to the Company in the form of a promissory note in the principal amount of $1,000,000 with interest thereon at an annual rate of 8-3/4%, payable in 84 monthly installments.

2. Covenants, Representations, and Warranties of the Company and Shareholders. The Company and the Shareholders, jointly and severally, covenant, represent and warrant to Buyer as follows:

a. The Company is a corporation duly organized and in good standing under the laws of the State of Illinois. The Company is not qualified to do business as a foreign corporation in any state and does not own any property or engage in any business which requires it to qualify to do business as a foreign corporation in any state. The Company does not own or have any option to acquire stock or any other securities or interest in any corporation or other legal entity.

b. The Company has good and indefeasible title to all of its properties, contracts, assets and leasehold estates, real and personal, subject to no mortgage, pledge, lien (except for that certain mechanic's lien asserted by Gallagher Asphalt Corporation), encumbrance or charge except for liens for current taxes and assessments not yet due and payable, and title encumbrances of record which are validly existing and affect the real estate.

c. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have been authorized by the Board of Directors and Shareholders of the Company and will not result in the breach of any term or provision of, or constitute a default or permit the acceleration of maturity under, any loan agreement, note, debenture, indenture, mortgage, deed of trust, or other agreement to which the Company or any Shareholder is a party or by which either may be bound.

d. There is no pending or threatened litigation and administrative or judicial proceedings of any nature involving the Business, the Company, its assets, liabilities or the Shares. Shareholder knows of no other facts or circumstances which may result in any future civil, administrative or criminal proceedings against the company or any Business or assets acquired by the Company.

e. The Company and all Shareholder predecessor's of its business have operated from their inception, and will continue to operate through Closing, legally and in

compliance with all conditions and requirements of all applicable zoning laws, federal, state and local statutes, ordinances, rules, regulations, permits, policies, guidelines, orders, franchises, authorizations and consents.

f. The Company and business acquired by the Company have not transported, stored, treated or disposed, nor has it allowed or arranged for any third person to transport, store, treat or dispose waste to or at (a) any location other than a site lawfully permitted to receive such waste for such purposes; or (b) any location designated for remedial action pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as from time to time amended, or any similar federal or state statute assigning responsibility for the cost of investigating or remediating releases of contaminants into the environment; nor has the Company and business acquired by the Company performed, arranged for or allowed, by any method or procedure, such transportation or disposal in contravention of state or federal laws and regulations or in any other manner which gives rise to any liability whatsoever; and the Company and business acquired by the Company have not disposed, nor has it allowed or arranged for third parties to dispose of waste upon property owned or leased by it.

g. Neither the Company nor any of the Shareholders is subject to any judgment, writ, injunction, decree or other judicial order.

h. Neither the Company nor any of the Shareholders is aware of or knows of any proposed law or regulation or any event or condition of any character which would or could materially and adversely affect the business being sold hereunder or the future prospects of such business.

i. Neither the Company nor any of the Shareholders have received, actually or constructively, any notification from any governmental agency or any other person asserting that Company is or may be a "potentially responsible person" or otherwise liable with respect to a remedial action or the payment of response costs at a waste storage, treatment or disposal facility, pursuant to the provisions of the Comprehensive Environmental Response, Compensation and Liability Act, as from time to time amended, or any similar federal or state statute assigning responsibility for the costs of investigating or remediating releases of contaminants into the environment.

j. The execution, delivery and performance of this Agreement do not require the consent of any governmental authority or any person not a party to this Agreement.

k. In addition to being true as of the date of this Agreement, each of the above warranties and representations and the other warranties and representations of the Shareholders contained in this Agreement shall be true on and as of the Closing Date with the same force and effect as though made on said date and the Shareholder shall have complied with each of the above covenants as of the Closing Date. Such warranties, representations and covenants shall survive the consummation of the transaction contemplated by this Agreement.

3. Representations and Warranties of Buyer. The Buyer represents and warrants as follows:

a. Buyer is authorized to execute and deliver this Agreement and to consummate the transaction contemplated hereby.

b. The execution of this Agreement and the consummation of the transaction contemplated hereby will not result in the breach of any term or provision of, or constitute a default or permit the acceleration of maturity under, any loan agreement, note, debenture, indenture, mortgage, deed of trust, or other agreement to which Buyer is a party or by which he may be bound.

c. In addition to being true as of the date of this Agreement, each of the above warranties and the other warranties and representations of the Buyer contained in this Agreement shall be true on and as of the Closing Date with the same force and effect as though made on said date. Such warranties and representations shall survive the consummation of the transaction contemplated by this Agreement.

4. Pending the Closing. From the date of this Agreement until the Closing Date the Company and the Shareholders, jointly and severally, covenant, represent and warrant that, without the prior written consent of Buyer:

a. The Company will not declare or pay any dividend of any kind on any shares of its capital stock or purchase or redeem any of the shares of such stock.

b. The Company will not issue any additional shares of its capital stock.

c. The Company will not amend its Articles of Incorporation or its by-laws.

d. The Company will not make or agree to make payments or distributions of any type whatsoever to the Shareholders

or any Related Persons, including, without limitation, payments for directors' fees, salaries, bonuses and expenses.

e. No Shareholder will sell, transfer or assign any of the capital stock of the Company to any person or entity, except pursuant to this Agreement.

f. The Company will not (i) enter into any contract, commitment or undertaking or (ii) modify any contract, commitment or undertaking which is in existence on the date hereof.

g. The Company will not enter into any new or additional, or modify any, agreements or plans of any kind involving one or more of its officers, employees or representatives, or increase the rate of compensation or benefits or change the formula for determining compensation or benefits of any such officer, representative or employee.

h. The representatives of Buyer shall at all reasonable times have complete access to all of the facilities, personnel, books, records, files, agreements and financial statements of the Company. Without limitation of the foregoing, the Shareholders agree to make available to Buyer all intra-company records and reports relating to the operation of the Company and to answer any inquiries pertinent to the subject matter of this Agreement which Buyer or his representatives may make prior to the Closing Date.

i. The Shareholders shall each use their best efforts to obtain the fulfillment and satisfaction of each and every condition precedent to the Closing described in Section 5.a. hereof.

j. The Company will not take any action or engage in any transaction which is not in the ordinary course of its business.

5. Conditions Precedent to Closing.

a. Buyer shall not be required to proceed on the Closing Date with the transaction contemplated by this Agreement unless the following conditions precedent shall have been fulfilled and satisfied:

i. The Acquisition shall have been completed in accordance with the Asset Purchase Agreement ("the Acquisition Agreement") between the Company and Mid-American, a copy of which is attached hereto as Exhibit B, except for such changes to such agreement as counsel

for Buyer shall have approved.

ii. Each of the covenants, warranties and representations of the Shareholders hereunder shall be true, valid and correct in accordance with the provisions of Section 2.1. hereof.

iii. The Shareholders shall have fully and completely complied with each of the covenants required by Section 4 hereof.

In the event that one or more of the foregoing conditions is not fulfilled as of the Closing Date, Buyer may, by notice to the Company and the Shareholders on or prior to the Closing Date, elect not to consummate the transaction provided for herein, but such election shall be without limitation of any other right or remedy of Buyer.

b. The Company and the Shareholders shall not be required to consummate the transaction contemplated by this Agreement unless each of the warranties and representations of Buyer set forth in Section 3 hereof shall be true and correct in accordance with Section 3.b. hereof.

In the event that one or more of the foregoing conditions is not fulfilled as of the Closing Date, the Company and the Shareholders by notice to Buyer on or prior to the Closing Date may elect not to consummate the transaction provided for herein, but such election shall be without limitation of any other right or remedy of the Company or Shareholders.

6. The Closing.

a. The closing with respect to the transaction contemplated by this Agreement (hereinafter referred to as the "Closing") shall take place at the offices of Hoogendoorn, Talbot, Davids, Godfrey and Milligan, Chicago, Illinois at 9:00 A.M. local time on September 30, 1994, or at such other time, date and place as the parties hereto may agree in writing or to which such closing shall be postponed pursuant to the terms of this Agreement. Such time and date are herein called the "Closing Date."

b. At the Closing, the Company shall deliver to Buyer the following:

i. Bills of sale, assignments or other instruments of transfer necessary or appropriate to transfer to Buyer all right, title and interest of the Company in the Assets to Buyer.

ii. A certificate signed a Shareholder, to the

effect that the covenants, warranties and representations made by the Shareholders hereunder are true, valid and correct as of the Closing Date with the same force and effect as if such covenants, representations and warranties had been made as of the Closing Date.

iii. An opinion of counsel for the Company and the Shareholders, addressed to Buyer, to the effect that, as of the Closing Date:

(1) The Company is a corporation duly organized and in good standing under the laws of the State of Illinois, is not qualified to do business as a foreign corporation in any state and, to the best of their knowledge, does not own any property or engage in any business which requires it to be qualified to do business as a foreign corporation in any other state.

(2) After due investigation, they are not aware of any suits, proceedings, arbitration or claims pending or threatened against or affecting the Company or its business or properties in any court or before or by any federal, state or other governmental department or agency or of any order, judgment, decree or ruling of any court or governmental agency directly affecting the Company or its business or properties or to which the Company or its business or properties are subject.

(3) The execution of this Agreement and the consummation of the transaction contemplated hereby will not breach any term or provision of, or constitute a default under, any agreement or instrument to which the Company or any Shareholder is a party or by which either may be bound, of which such counsel is aware after due investigation.

(4) This Agreement is the legal and binding obligation of the Company and the Shareholders, jointly and severally, and is enforceable in accordance with its terms (subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that the remedies of specific performance, injunction and other forms of equitable relief may not be available).

In giving the opinion set forth herein, such counsel shall be entitled to rely on certificates of govern-

mental officials and officers of the Company as to matters of fact.

iv. Such consents to the transaction contemplated hereby as may be reasonably required by Buyer.

v. Such other documents or instruments as in the opinion of counsel to Buyer may reasonably be necessary to (A) effectuate the transaction provided for in this Agreement and (B) evidence the complete fulfillment and satisfaction of each and every condition to the Closing.

All of the instruments and documents to be furnished by the Company and the Shareholders at the Closing shall be in form and substance satisfactory to counsel for Buyer.

c. At the Closing, Buyer shall deliver to the Company and the Shareholders the following:

i. A certificate signed by counsel for Buyer to the effect that counsel has approved the changes to the Acquisition Agreement as set forth in such certificate.

ii. A certificate signed by the Buyer to the effect that the warranties and representations made by Buyer hereunder are true, valid and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made as of the Closing Date.

iii. An opinion of counsel for the Buyer, addressed to the Company and the Shareholders, to the effect that as of the Closing Date:

(1) The Buyer has full right, power and authority to enter into this Agreement and to consummate the transaction contemplated by this Agreement.

(2) This Agreement has been duly executed and delivered and is the legal and binding obligation of the Buyer and is enforceable in accordance with its terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that the remedies of specific performance, injunction and other forms of equitable relief may not be available).

(3) The execution of this Agreement and the consummation of the transaction contemplated hereby will not result in the breach of any term

or provision of, or constitute a default or permit the acceleration of maturity under, any loan agreement, note, debenture, indenture, mortgage, deed of trust, or any other agreement to which Buyer is a party or by which he may be bound of which such counsel is aware after due investigation.

In giving the opinion set forth herein, such counsel shall be entitled to rely on certificates of governmental officials and the Buyer as to matters of fact.

iv. Buyer's funds in the form of a cashier's or certified check payable to the Company, in the aggregate amount of $~~1,218,000.00~~ $5,218,000 or, at the Company's option, by a wire transfer of such funds deposited as directed by the Company in a written instrument signed by them and delivered to Buyer at or prior to closing; the $1,000,000.00 note called for by Section 1.b.iii, and an assumption of the liabilities called for by Section 1.b.ii.

v. Such other documents and instruments as in the opinion of counsel for the Company and the Shareholders may reasonably be necessary or desirable to (A) effectuate the transaction provided for in this Agreement; and (B) evidence the complete fulfillment and satisfaction of each and every condition to the Closing.

All of the instruments and documents to be furnished by the Buyer at the Closing shall be in form and substance satisfactory to counsel for the Company and the Shareholders.

7. Indemnification.

a. In the event that, at any time hereafter, it shall appear that any covenant, warranty or representation of the Company or Shareholders contained in Section 2 hereof or in any document furnished to Buyer in connection with this transaction was incorrect, untrue or incomplete or that the Company or Shareholders breached any other covenant, warranty or representation under this Agreement or any such document, the Company, and each of the Shareholders, jointly and severally, covenants and agrees to pay to Buyer the amount of the loss, expense or damage suffered or incurred by Buyer, which would not have been suffered or incurred if the facts set forth in said covenant, warranty or representation had been correct, true and complete or such other covenant, warranty or representation had not been breached. The provisions of this Section 7.a. shall he in

addition to but not in limitation of any other rights which Buyer may have hereunder or otherwise.

b. If, after the Closing Date, Buyer or the Company shall receive notice of any claim or alleged claim asserting the existence of a liability, obligation or indebtedness indemnified against under this Section 7, Buyer shall notify the Company and the Shareholders with respect thereto. Such notice shall include a statement indicating whether Buyer elects to apply Section 7.c. or 7.e. to such claim. In the event that the Company or the Shareholders dispute such claim, they shall so notify Buyer giving the reasons therefor, within ten days after Buyer gives such notice.

c. In the event such notice from Buyer to the Company and the Shareholders contains an election to apply this Section 7.c., Buyer shall have the right to negotiate, settle (by compromise or payment in full) or defend any such claim and the Company and the Shareholders shall at the request of Buyer cooperate with Buyer and the Company with respect thereto. If the claim relates to a tax liability, Buyer shall have the right, in his discretion, to agree to an extension of the statute of limitations applicable to such claim. In the event that the Company or the Shareholders have notified Buyer within the time prescribed by Section 7.d. hereof that they dispute the claim, Buyer shall notify the Company and the Shareholders of any proposed settlement of the claim prior to making it. In the event that the Company and the Shareholders fail to object to such settlement within ten days after Buyer gives such notice, then Buyer and the Company shall be entitled to make such settlement without further notice to Company and the Shareholders. In the event that the Company or the Shareholders object to such settlement within the prescribed time, then the Company or the Shareholders, as the case may be, shall at its or their own expense defend the claim and the provisions of Section 7.d. hereof shall apply. If the Company and the Shareholders shall receive notice from Buyer of a claim as to which this Section 7.c. shall apply and shall fail to notify Buyer within the time prescribed by Section 7.b. hereof that they dispute such claim, then Buyer and the Company shall have the right, at Buyer's election, either to defend such claim or to settle such claim, either before or after undertaking the defense thereof, upon such terms as Buyer deems appropriate. The Shareholders jointly and severally agree to pay any and all amounts owing by the Company or Buyer as a result of any claim settled or defended in accordance with the provisions of this Section 7.c. within fifteen days after notice from Buyer requesting them to do so. The provisions of the preceding sentence shall be in addition to but not in limitation of any rights which Buyer may have hereunder or otherwise.

d. In the event such notice from Buyer to the Company or the Shareholders contains an election to apply this Section 7.d., the Company and the Shareholders shall have the right to defend against any such claim, provided that (i) the Company or the Shareholders within the time prescribed in Section 7.b. hereof have notified Buyer that the Company or the Shareholders or both dispute the claim and that the Company and the Shareholders will at their own expense defend the same, and (ii) such defense is instituted and continuously maintained in good faith by the Company or the Shareholders. In such event, the defense may, if necessary, he maintained in the name of the Company, and Buyer may, if he so elects, designate his own counsel to participate, along with the counsel selected by the Company and the Shareholders, in the conduct of such defense. Buyer shall pay for any counsel so designated by Buyer. Buyer shall, in any event, be kept fully advised as to the status of such defense. If the Company or the Shareholders shall receive notice from Buyer of a claim as to which this Section 7.d. shall apply and shall either fail to notify Buyer within the time prescribed by Section 7.b. hereof of their election to defend such claim or shall fail to maintain such defense in accordance with the foregoing, or if such defense shall he unsuccessful, then in any such event the Company and the Shareholders, jointly and severally, agree, without limitation of any other provision of this Section 7, to fully satisfy and discharge the claim within fifteen days after notice from Buyer requesting them to do so.

e. In the event that, at any time until three years after the Closing Date, it shall appear that any covenant, warranty or representation of Buyer contained in Section 3 hereof or in any document furnished to the Company or the Shareholders in connection with this transaction was incorrect, untrue or incomplete or that Buyer breached any other covenant, warranty or representation under this Agreement or any such document, Buyer covenants and agrees to pay to the Company or the Shareholders the amount of the loss, expense or damage suffered or incurred by the Company or the Shareholders or their respective heirs or assigns, which would not have been suffered or incurred if the facts set forth in said covenant, warranty or representation had been correct, true and complete or such other covenant, warranty or representation had not been breached within fifteen days after notice from the Company or the Shareholders requesting them to do so.

8. Guaranty by Allied. Allied hereby absolutely and unconditionally guarantees to the Company and the Shareholders the full performance by Buyer of all of the terms, provisions, covenants, conditions, and herein provided to be performed by

Buyer. Allied agrees that in the event of a default by Buyer under this Agreement, the Company and Shareholders may proceed against Allied before, after, or simultaneously with proceeding against Buyer. Allied covenants and agrees that it shall be bound by all the terms and provisions contained herein which are to be performed by Buyer the same as if Allied were named herein as Buyer. If the Company or Shareholders at any time are compelled to take action, by legal proceedings or otherwise, to enforce or compel compliance with the terms of this guarantee, the Company or Shareholders shall, in addition to any other rights or remedies to which they may be entitled hereunder, as a matter of law or in equity, pay to the Company or Shareholders, as the case may be, all costs, including reasonable attorneys' fees, incurred or expended by them in connection therewith.

9. Miscellaneous.

a. Buyer agrees to enter into employment contracts (in substantially the form of the Agreement Respecting Employment attached hereto as Exhibit 5.6) with the following persons for the annual salaries and positions indicated below:

Name	Position	Annual Salary
Roger Groen, Sr.	Market Development	$50,000
Roger Groen, Jr.	District Manager	81,000
Steve Groen	Operations Manager	50,000
John Groen	Salesman	42,000
Mike Groen		

b. Expenses with Respect to Transaction. Buyer shall pay the Company's legal fees incurred in connection with the Acquisition and the Shareholder's legal fees incurred in connection with this transaction up to a maximum aggregate amount of $35,000.00. Except as provided in the preceding sentence, the Company and the Shareholders agree that they will pay, jointly and severally, all fees, costs and expenses incurred by them or the Company in connection with this transaction, including, without limitation, the fees and expenses of their attorneys and accountants and no portion thereof shall be paid by the Company or Buyer.

c. Absence of Broker. The Company and the Shareholders represent and warrant to Buyer that neither they nor the Company has, and Buyer represents and warrants to the Company and the Shareholders that he has not, employed or used the services of any broker or finder in connection with this transaction.

d. Joint and Several Liability. All of the covenants, warranties, representations, obligations, agreements and liabilities of the Company and the Shareholders hereunder are and shall be joint and several.

e. Notices. All notices required to be given under the terms of this Agreement or which any of the parties may desire to give hereunder shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, addressed as follows:

(a) As to Buyer, addressed to

Allied Waste Industries, Inc.
7201 Camelback Road, Suite 375
Phoenix, Arizona 85251
Attn. President

with a copy thereof addressed to

Attention:

(b) As to the Company, addressed to

RG Investors Corporation
c/o Roger Groen, Jr.
5430 Bonnie Tail
Oak Forest, Illinois 60452

(c) As to the Shareholders, addressed to

Roger Groen, Jr.
5430 Bonnie Tail
Oak Forest, Illinois 60452

with a copy to

Hoogendoorn, Talbot, Davids,
Godfrey & Milligan
122 S. Michigan Ave., Suite 1220
Chicago, Illinois 60603

or to such other addresses and to the attention of such other persons as either party may from time to time designate in writing to the other party. Any notice given in accordance with this Section shall be deemed to have been given when delivered personally or on the day next following the date upon which it shall have been deposited in the United States mails.

f. Effective Date. This Agreement shall become effective when executed and delivered by Buyer, the Company and Shareholders owning, beneficially and of record, all of the issued and outstanding capital stock of the Company, and shall be binding in all respects upon the respective heirs, administrators, executors, successors and assigns of each of the parties hereto.

g. Additional Documents and Acts. Each of the Company and the Shareholders agrees that he will at any time and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such acts, deeds, assignments, transfers, conveyances and assurances as may be requested by Buyer in order to carry out fully and effectuate the transaction herein contemplated in accordance with the provisions hereof.

h. Completeness of Agreement. This Agreement represents the entire contract between the parties with respect to the subject matter hereof and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof.

i. Illinois Law. This Agreement shall be construed in accordance with the laws of the State of Illinois governing contracts made and to be performed in that State.

j. Counterparts. This Agreement may be executed in any number of counterparts, any of which shall constitute the Agreement by and among the parties. The execution by the Buyer, the Company and the Shareholders may be in one, two or more different counterparts.

k. Severability. Should any term, provision or clause hereof, or of any other agreement or document which is required by this Agreement, be held to be invalid, such invalidity shall not affect any other provisions or clauses hereof or thereof which can be given effect without such invalid provision, all of which shall remain in full force and effect.

l. Reliance. All covenants and warranties made herein by any party shall be deemed to be material and relied upon by the other party, notwithstanding any investigation by or knowledge of such other party.

m. Use of facsimile transmission. The parties agree that any signed document, other than this Agreement, transmitted by facsimile machine (any such document being referred herein to as a "Fax Document") shall be treated as an original document, that the signature of any person on a

Fax Document shall be treated as an original signature, and that a Fax Document shall be considered to have the same legal effect as an origial document. At the request of any party, the true orignal of any Fax Document shall be furnished to the requesting party as soon as reasonably practicable. The parties agree that they will not raise the use of facsimile transmission or the fact that any signature or document was transmitted by use of a fascsimile transmission machine as a defense to this Agreement or to any matter arising in connection with this transaction.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first above written.

BUYER:

ALLIED WASTE INDUSTRIES (MIDWEST), INC.

By: _____

ALLIED WASTE INDUSTRIES, INC.

By: _____

SHAREHOLDERS:

_____

_____

COMPANY:

RG INVESTORS CORPORATION

By: _____

ASSET PURCHASE

RG INVESTORS, INC.
(GROEN)

BY

ALLIED WASTE INDUSTRIES (MIDWEST), INC.

SELLERS:	Roger Groen, Sr. Roger Groen, Jr. d/b/a RG Investors, Inc.
PURCHASER:	Allied Waste Industries (Midwest), Inc.
DATE OF CLOSING:	September 30, 1994

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Note - (2) - Asset Purchase Trans
(1) Real Estate Pur Trans.

CLOSING BOOK INDEX

(NOTE: Documents dated September 30, 1994 unless otherwise noted.)

SECTION A: RG Investors - Allied (Midwest) Documents

1. Letter of Intent dated September 1, 1994.
2. Power of Attorney for Roger A. Groen, Sr. dated September 29, 1994.
3. Asset Purchase Agreement and Exhibits thereto.
4. Assignment and Bill of Sale.
5. Assumption of Liabilities.
6. Employment Agreement with Roger Groen, Sr.
7. Employment Agreement with Roger Groen, Jr.
8. Employment Agreement with Steve Groen.
9. Employment Agreement with Mike Groen.
10. Employment Agreement with John Groen.
11. Promissory Note ($1 million).

12. Warrant to Purchase Shares of Common Stock (200,000) shares.

13. Representations and Warranties (RG Investors).

14. Resolutions of RG Investors, Inc./Certificate of Good Standing.

15. Opinion of Counsel for Sellers.

16. Lease of 2943 West Wireton, Blue Island, Illinois.

SECTION B: RG Investors - Illinois Development Corp.

17. Asset Purchase Agreement.

18. Real Estate Purchase Agreement.

19. Certification of Non-Foreign Status (RG Investors).

20. Closing Statement.

21. Warranty Deed.

22. Real Estate Transfer Declaration (Illinois & Cook).

23. Affidavit of Title.

24. Title Commitment.

25. Lease Agreement (IDC- Allied (Midwest).

26. Operating Agreement.

27. Option Agreement (IDC- Allied (Midwest).

28. Warrant Purchase Agreement (Allied (Midwest)- IDC)

29. Bill of Sale.

30. Representations and Warranties (RG Investors).

STOCK EXCHANGE BETWEEN

ILLIANA DISPOSAL, INC.

AND

ALLIED WASTE INDUSTRIES, INC.

March 29, 1994

STOCK EXCHANGE AGREEMENT

This Stock Exchange Agreement (the "Agreement"), is made and entered into as of this 29th day of March, 1994, by and among Allied Waste Industries, Inc., a Delaware corporation ("Buyer"), and the holders of 100% of the outstanding shares of common stock, $0.01 par value per share, of Illiana Disposal Service, Inc., an Indiana corporation (the "Company") identified on the signature pages of this Agreement (collectively, the "Shareholders").

WHEREAS, the Shareholders of Company have approved the exchange (the "Exchange") of all of the outstanding shares of stock (the "Shares") pursuant to the terms and subject to the conditions of this Agreement whereby the Shares will be exchanged for shares of Buyer which is intended to comply with the provisions of §368 (a)(1)(b) of the Internal Revenue Code, as amended; and

WHEREAS, Buyer and the Shareholders desire to make certain representations, warranties and agreements in connection with the exchange;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree to effect the exchange on the terms and subject to the conditions herein described and further agree as follows:

1. ARTICLE 1 - THE EXCHANGE

1.1 Exchange of Stock. Subject to the terms and conditions of the Agreement on the Closing Date (or defined in Section 5.1) the Shareholders will exchange all of the shares of Company for registered shares of Buyer's common stock determined by using the following formula:

$$\frac{3{,}073{,}608 - \text{Company Indebtedness}}{\$5.21 \text{ Per Share}} = 412{,}402 \text{ Registered Shares of Buyer's Common Stock}$$

The term "Company Indebtedness" as used herein shall mean the sum of all long-term and short-term indebtedness of the Company represented by notes or loans payable to any bank, lending institution, the Shareholders or other persons (including payments remaining on capitalized or non-capitalized leases) outstanding on the Closing Date, accrued real and personal property taxes and trade payables deducted from accounts receivable, in a form and credit as described on Exhibit 1.1, cash on hand and pre-paid expenses (insurance premiums, mortgage expenses, and truck and trailer license registration) as of March 31, 1994.

The number of shares of Common Stock to be delivered shall be determined by using the average closing per share price of $5.21 per share of Stock determined in the manner set forth in Exhibit 1.1.b. No fractional shares shall be issued and Common Stock shall be rounded to the nearest whole number.

1.2 Closing Procedure. The following steps will be taken by the parties, respectively: at the Time of Closing:

1.2.a At the Time of Closing, Shareholders shall deliver to Buyer duly executed certificates in valid form, evidencing all of the Shares of Shareholder, duly endorsed in blank or accompanied by duly executed stock powers (with requisite stock transfer stamps, if any, attached).

1.2.b Within 10 business days of the Time of Closing, Buyer shall deliver to Shareholders certificates for shares of Buyer's common stock in an amount equal to 90% (371,162) of the shares determined in Section 1.1, above.

1.2.c Within 135 days of the Time of Closing, Buyer shall deliver the balance 41,240 shares of Buyer's common stock, subject to any adjustments contemplated by Section 3.31 of this Agreement.

2. ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Shareholders as follows:

2.1 Organization and Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of incorporation or organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its businesses as they are now being conducted. (Exhibit 2.1.)

2.2 Authority. Buyer has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby (as set forth in Exhibit 2.2). The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action of the part of Buyer. This Agreement has been executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The execution and delivery of this Agreement does not, and the

consummation of the transactions contemplated hereby will not, conflict with or result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Buyer is subject or by which Buyer is bound, the effect of which would be materially adverse to Buyer or have a material effect on this transaction taken as a whole. Buyer is not in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any court, administrative agency or commission or other governmental agency or instrumentality, domestic or foreign (a "Governmental Entity"), relating to or affecting the operation, conduct or ownership of the property or business of Buyer, which violation or violations might have a material, adverse effect, individually or in the aggregate, on the financial condition, assets, business, properties or prospects of Buyer or have a material effect on this transaction taken as a whole.

2.3 Approvals. Except as referred to herein and except for compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act"), the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act") and the securities or blue sky laws of various states, there is no legal impediment to the execution and delivery of this Agreement by Buyer or to the consummation of the transactions contemplated hereby, and no filing or registration with, or authorization, consent or approval of, a Governmental Entity is necessary for the consummation by Buyer of the transactions contemplated hereby, other than such as may be required solely because Company is a party to the Exchange or other than such which, if not made or obtained, would not, in the aggregate, have a material, adverse effect on Buyer or have a material effect on this transaction taken as a whole.

2.4 SEC Documents. Buyer has provided to Company a true, complete and correct copy of its Form 10-K for the fiscal year ended December 31, 1993, as will be filed with the Securities and Exchange Commission ("SEC") on March 31, 1994, (as such document has since the time of its filing been amended, the "SEC Document"). As of its date, the SEC Document complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and SEC Document contained no untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Buyer included in the SEC Document have been prepared in accordance with generally accepted

accounting principles applied on a consistent basis during the periods involved and fairly present the consolidated financial position of Buyer as at the dates thereof and the consolidated results of their operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

2.5 Post Closing Activities. Buyer will, during the Return Period, conduct its business and operations in a manner reasonably calculated to preserve and maintain the customer accounts of the Company and will use its best efforts to preserve the Monthly Revenues.

3. ARTICLE 3 - REPRESENTATIONS AND WARRANTIES OF SHAREHOLDERS

The Shareholders hereby, jointly and severally, represent and warrant to Buyer as follows:

3.1 Organization, Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, and has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted. Exhibit 3.1 sets forth a true, complete and correct list of each jurisdiction, foreign or domestic, in which Company (a) owns or leases property, has employees or otherwise conducts operations and/or (b) is duly qualified or licensed to do business as a foreign corporation. Company is licensed and qualified to do business as a foreign corporation in each jurisdiction in which the character of Company's properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified does not have a material, adverse effect on the Company.

3.2 Company.

3.2.a Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted and is duly qualified or licensed to do business in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified does not have a material, adverse effect on the Company. Except as set forth in Exhibit 3.2, all outstanding shares of capital stock of Company are validly issued and are fully paid, nonassessable and owned by Company,

free and clear of all Encumbrances (defined below). Except as set forth in Exhibit 3.2, there are no voting trusts, proxies, voting agreements or similar understandings applicable to such shares and there are no options, warrants or other rights, agreements or commitments obligating the Company to issue, to sell or to transfer any shares of capital stock or other securities of Company. As used in this Agreement, the term "Encumbrance" means and includes:

3.2.a.i any security interest, mortgage, deed of trust, lien, charge, pledge, adverse claim, equity, power of attorney, or restriction of any kind, including but not limited to, any restriction or servitude on the use, transfer, receipt of income, or other exercise of any attributes of ownership; and

3.2.a.ii any Uniform Commercial Code financing statement or other public filing, notice, or record that by its terms purports to evidence or notify interested parties of any of the matters referred to in clause 3.2.a.i that has not been terminated or released by another proper public filing, notice or record.

3.3 Authority. Each of the Shareholders has full legal right and capacity to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes the legal, valid and binding obligation of the Shareholders, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.4 No Violation. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement will not, conflict with, result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, license, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Company is subject or by which Company is bound, the effect of which would be materially adverse to the Company taken as a whole. Except as set forth in Exhibit 3.4, the Company is not in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any Governmental Entity relating to or affecting the operation, conduct or ownership of the property or business of Company.

3.5 Capitalization. The authorized capital stock of Company consists solely of 1,000 shares of Company Common Stock, of which 592 shares are outstanding. All outstanding shares of Company capital stock are validly issued, fully paid and nonassessable and not subject to preemptive rights. No shares of Company capital stock are held in treasury by the Company. No bonds, debentures, notes or other indebtedness having the right to vote (or convertible into securities having the right to vote) on any matters on which stockholders may vote ("Voting Debt"), are issued or outstanding. Exhibit 3.5 sets forth a true, complete and correct list of all options, warrants, calls, rights, claims, commitments or agreements to which the Company is bound, obligating Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or any Voting Debt of the Company or obligating the Company to grant, extend or enter into any such option, warrant, call, right or agreement. As of the Closing Date, there will be no such option, warrant, call, right or agreement obligating Company to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or any Voting Debt of Company, or obligating Company to grant, extend or enter into any such option, warrant, call, right or agreement. Except as set forth in Exhibit 3.5, there are no agreements obligating Company to redeem, repurchase or otherwise acquire the capital stock of Company or any other securities issued by them, or register the sale of the capital stock of Company under applicable securities laws. Except as set forth in Exhibit 3.5, there are no agreements or arrangements prohibiting or otherwise restricting the payment of dividends or distributions to stockholders by the Company.

3.6 Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Company in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for appropriate notices required to be filed with the Secretary of State of the State of Indiana and appropriate documents with the relevant authorities of other states in which Company owns or leases property, conducts operations or is licensed or qualified to do business as a foreign corporation.

3.7 Financial Statements. Company has furnished to Buyer true, complete and correct copies of Company's unaudited balance sheets and income statements as of December 31, 1993 and same are attached hereto as Exhibit 3.7 (referred to herein as the "Company Financial"). The Company Financial do not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company Financial are in accordance with the

books and records of Company and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be limited by the accountant's cover letter attached to the Company Financial) and fairly present (subject, in the case of unaudited financial statements, to normal recurring audit adjustments) the consolidated financial position of Company as at the date thereof and the consolidated results of operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

3.8 Liabilities. Company has no liabilities or obligations, either accrued, absolute, contingent, or otherwise, or has any knowledge of any potential liabilities or obligations, which would have a material, adverse affect on the value or the conduct of the business of the Company, other than those (a) reflected or reserved against in the Company Financial; (b) incurred in the ordinary course of business since the date of the Company Financial; (c) set forth in Exhibit 3.8 hereto; or (d) those under contracts disclosed to Buyer in this Agreement or the Schedules hereto or which, because of the limited amount and duration thereof, are not required to be so disclosed.

3.9 Additional Information. Attached as Exhibit 3.9 are true, complete and correct lists of the following items:

3.9.a Real Property. All real property and structures thereon owned, leased or subject to a contract of purchase and sale or option agreement, or lease commitment, by Company, or in which Company has any other interest with a description of (i) the use to which such real property is put; and (ii) the nature and amount of any Encumbrances thereon;

3.9.b Machinery and Equipment. All machinery, transportation equipment, tools, equipment, furnishings, and fixtures (excluding such items that had a cost basis of $1,000 or less at their respective dates of acquisition by Company) owned, leased or subject to a contract of purchase and sale or lease commitment, by Company with a description with respect to each such item of: (i) the serial number of such item; (ii) the location at which such item is kept; (iii) whether such item is owned or leased; (iv) if owned, a description of the nature and amount of any Encumbrances thereon; and (v) if leased, the name of the lessor and a true, complete and correct copy of any written agreement pursuant to which such item is leased;

3.9.c Payables. All accounts and notes payable of Company as of a date not more than three days prior to the Closing Date, together with an appropriate aging schedule; and

3.9.d Contracts. All contracts, agreements and commitments of Company, whether or not made in the ordinary course of business, including leases under which Company is lessor or lessee, which are to be performed in whole or in part after the Closing Date, and which (i) involve or may involve aggregate payments by or to Company of $1,000 or more after the Closing Date; (ii) are not terminable by Company without premium or penalty on 30 (or fewer) days' notice; (iii) purport to prohibit or restrict the activities of Company, or the ability of Company to compete in any line of business or with any person; (iv) purport to prohibit or restrict the business activities of another person or another person's ability to be in the line of business or with Company; or (v) are otherwise material to the business or properties of Company. All such agreements are legal, valid and binding obligations of Company, as the case may be, enforceable in accordance with their terms, subject to bankruptcy, insolvency, moratorium or other similar law affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.10 No Undisclosed Defaults. Except as set forth in Exhibit 3.10 or Exhibit 3.9, neither Company is a party to, or bound by, any contract or arrangement of any kind to be performed after the Closing Date, or is in default with respect to any obligation or covenant on its part to be performed under any obligation, lease, contract, plan or other arrangement, which default would have a material adverse effect upon the Company, taken as a whole.

3.11 Litigation. Except as set forth in Exhibit 3.11, there is no suit, action, proceeding or investigation pending or, to the knowledge of the Shareholders, Company, threatened against or affecting Company (or any of their respective officers or directors in connection with the business of Company), nor is there any outstanding judgment, order, writ, injunction or decree against Company. Neither the Shareholders, Company is aware of any facts which might reasonably be believed to be a basis for any action, suit or proceeding against Company. The Company is not subject to any court order, writ, injunction, decree, settlement agreement or judgment that contains or orders any on-going obligations, whether prohibitory or mandatory in nature, on the part of Company.

3.12 Absence of Certain Changes. Except as disclosed in the unaudited consolidated balance sheet of Company at December 31, 1993, or the related consolidated statement of operations for the period then ended (collectively, the "Company 1993 Financial"), or as set forth in Exhibit 3.12, since the date of the Company 1993 Financial, Company has conducted their respective businesses only in the ordinary and usual course, and none of the following have occurred or arisen:

3.12.a Any material, adverse change in the assets, liabilities, capitalization or working capital of Company taken as a whole, or in the financial condition, business, prospects or results of operations of Company taken as a whole.

3.12.b Any loss or damage to any of the properties of Company (whether or not covered by insurance) which materially impairs the ability of Company taken as a whole to conduct their business.

3.12.c Any obligation or liability, contingent or otherwise, except normal trade or business obligations incurred in the ordinary course of business.

3.12.d The creation of any Encumbrance on any of the assets of Company or the amendment, modification or extension of any existing Encumbrance on any such asset, except for unrecorded mechanic's liens, broker's liens and liens for current taxes and assessments not yet due which, in the aggregate, would not have a material adverse effect upon the Company taken as a whole.

3.12.e Any sale, assignment, transfer, conveyance, lease, hypothecation, abandonment, or other disposition of or agreement to sell, assign, transfer, convey, lease, hypothecate, or otherwise dispose of, any of the assets of Company, other than inventory sold in the ordinary course of business at then prevailing market prices or any assets which are scrapped as obsolete in conformance with customary procedure.

3.12.f Any waiver or release of any rights, including the cancellation of any debt or accounts receivable, whether or not in the ordinary course of business.

3.12.g Settlement of a claim, lawsuit, or proceeding at law or in equity involving (i) any payment by Company of any amount over $1,000, individually or in the aggregate; (ii) any stipulation of fact or admission of liability; or (iii) any obligation of Company of any continuing nature.

3.12.h The execution, delivery or performance of any agreement with (i) the Shareholders; (ii) any of the officers, directors, stockholders, or employees of Company or (iii) any affiliates thereof.

3.12.i Any labor dispute or attempt to organize any of the employees of Company.

3.12.j Any increase in the compensation, rate of compensation, or compensation payable or to become payable to any of the officers, directors, employees, consultants, or agents of Company, other than raises or increases in compensation consistent with prior policy which are not in excess of 5% of the individual's annual compensation or information, as the case may be.

3.12.k Any change in any bonus, profit-sharing, pension, stock option, retirement or other similar plan, agreement or arrangement.

3.12.l The adoption of any new bonus, profit-sharing, pension and stock option, retirement, group life or health insurance, or other similar plan, agreement or arrangement.

3.12.m Any accrual, arrangement for, or payment of, any bonus or severance or termination pay to any present or former officer, director or salaried employee.

3.12.n Any transaction, or any agreement, contract, or commitment involving the assets of Company, other than in the ordinary course of business.

3.12.o Any amendment, modification, or cancellation of any contract, agreement, license, or arrangement to which Company is a party or to which any of their properties or assets are subject.

3.12.p Any condemnation or taking of any asset or property of Company, or any pending or threatened condemnation or taking of any asset or property of Company.

3.12.q Any change in the charter or bylaws of Company or in the number of outstanding shares of the authorized capital stock of Company.

3.12.r Any issuance of capital stock or evidence of indebtedness or other securities, or the grant of any options, warrants or other rights to purchase or convert any obligation into capital stock or any evidence of indebtedness or other securities of Company.

3.12.s Any declaration, setting aside for payment or payment of any dividend or other distribution with respect of any capital stock or other securities of Company, or any direct or indirect redemption, purchase or other acquisition of any such stock or security.

3.12.t Any loss, cancellation, termination, amendment or modification of any material lease to which Company is a party.

3.12.u Any failure to pay when due any lease obligation, obligation for borrowed money, or material account payable or any default in respect to any other material contractual obligation to which Company is subject.

3.12.v Any borrowing or agreement to borrow funds from any person or any guaranty of payment or performance with respect to any such arrangement.

3.12.w Any loan or advance of funds to the Shareholders, or any of them, or to the officers, directors or employees of Company or any of their affiliates, except for loans or advances made to employees in accordance with the customary business practices for the purpose of defraying ordinary and necessary business expenses incurred by such employees in the usual course and scope of their employment.

3.12.x Capital expenditures exceeding $10,000 in the aggregate.

3.12.y Any amendment or restatement of any of the Company Financial Statements.

3.12.z Any other event which would have a material, adverse effect on the assets, liabilities, business, prospects, operations or financial condition of Company taken as a whole.

3.13 Licenses, Permits, Authorizations, Etc. Exhibit 3.13 sets forth a true, complete and correct list of all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of all governmental agencies, whether federal, state or local, domestic or foreign, held by Company. The Company has obtained all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of any type required to operate their businesses as presently conducted, unless the failure to obtain such permits would not have a material adverse effect upon the Company, taken as a whole. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any

revocation, cancellation, suspension or modification of any such approval, authorization, consent, license, order, franchise, right, registration or permit.

3.14 Title to Assets; Encumbrances.

3.14.a Except as set forth in Exhibit 3.14, Company has good and marketable title to their assets, whether real, personal or intangible, including, without limitation, the assets reflected in the Company 1993 Financial, except assets since sold or otherwise disposed of in the ordinary course of business, free and clear of all Encumbrances except (i) as reflected in the Company 1993 Financial; (ii) liens for current taxes and assessments not yet due or being contested in good faith by appropriate proceedings; and (iii) unrecorded mechanic's liens and broker's liens which, in the aggregate, would not have a material adverse effect upon the Company, taken as a whole.

3.14.b There are no parties in possession of any of the assets of Company other than Company. Company enjoys, and full, free and exclusive use and quiet enjoyment of their assets and their rights pertaining thereto. Company enjoys peaceful and undisturbed possession under all leases under which they are lessees, and all such leases are legal, valid and binding obligations of Company, enforceable against Company, as the case may be, in accordance with their respective terms.

3.15 Taxes and Returns. Company has filed all tax returns and reports required to be filed by them. Company has paid all taxes, assessments and governmental charges and penalties which they have incurred, except such as are being contested in good faith by appropriate proceedings. The Company 1993 Financial reflect an adequate accrual, based on the facts and circumstances existing as of the date thereof, for all taxes payable by Company (whether or not shown in any return) through the date thereof. Neither Company is delinquent in the payment of any tax, assessment or governmental charge. No deficiencies for any taxes have been proposed, asserted, or assessed against Company, and no requests for waivers of the time to assess any such tax are pending. Attached to Exhibit 3.15 are true, complete and correct copies of all tax returns and reports filed by Company since January 1, 1989. For the purposes of this Agreement, the term "tax" (including, with correlative meaning, the terms "taxes" and "taxable") shall include all federal, state, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, withholding, excise and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts.

3.16 Employee Benefit Plans.

3.16.a Exhibit 3.16 sets forth with respect to Company a true, complete and correct list of all bonus, incentive compensation, profit-sharing, retirement, pension, group insurance, death benefit, or other employee welfare or fringe benefit plans of Company, together with copies of any reports or analyses prepared with respect to such plans, arrangements or trust agreements since January 1, 1989, whether or not such reports or analyses were filed with any Governmental agency.

3.16.b Company does not currently sponsor, maintain, or contribute to, nor has Company at any time sponsored, maintained, or contributed to, any employee benefit plan which is or was subject to any of the provisions of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in which any of their employees are or were participants (whether or not on an active or frozen basis).

3.17 Employment Agreements. Attached hereto as Exhibit 3.17 are true, complete and correct copies of all written employment or consulting agreements to which Company is a party or by which Company is bound. Except as set forth in Exhibit 3.17, Company is not party to, or has any liability or obligation under, any oral or written employment or consulting agreement with any person or any other arrangement which provides for the payment of any consideration by Company (or Buyer) to such person as a result of the termination of such person's employment with Company on the consummation of the transactions contemplated hereby.

3.18 Employment Practices. There are no labor or employment disputes or controversies pending, or, to the knowledge of the Shareholders, threatened against Company or their respective employees or any party or parties representing Company. Certain collective bargaining negotiations are presently being conducted as the present agreement expires March 31, 1994. Company has complied with the Occupational Safety and Health Act and have complied with all other laws relating to the employment of labor including, without limitation, laws relating to equal employment opportunity and employment discrimination, employment of illegal aliens, wages, hours and collective bargaining. Notwithstanding anything herein to the contrary, Company has complied with all laws relating to the collection and payment of social security and withholding taxes, or both, and similar taxes. Company is not liable for any arrearage of wages or any taxes or penalties for failure to comply with any of the foregoing. There are no organizational efforts presently being made or threatened by or on behalf of any labor union with respect to any employees of Company.

3.19 Insurance. Exhibit 3.19 sets forth a true, complete and correct list of all policies of property, fire and casualty, product liability, worker's compensation, professional liability and title insurance and other forms of insurance except group, health and life policies described in Exhibit 3.16, under which Company is insured. Exhibit 3.19 also sets forth a true, complete and correct list and description of any bonds issued or posted by any person which respect to any operations or other activities of Company. Attached to Exhibit 3.19 are true, complete and correct copies of all agreements, contracts, commitments, plans, leases, policies, instruments and other documents respecting the matters discussed in this Section §3.19. Each of the policies and bonds listed on Exhibit 3.19 is the legal, valid and binding obligation of the insurer or bond issuer, enforceable in accordance with its terms as to which no termination or non-renewal notice has been received, and is in an amount and provides for coverage as is customary in the solid waste collection, transportation and disposal industry.

3.20 Accounts Receivable. Exhibit 3.20 sets forth a true, complete and correct list of all accounts and notes receivable of Company as of February 28, 1994, in an aged receivables format, which list separately states all amounts receivable from any director, officer, employee, or agent of Company, from any Shareholder or from any of their respective affiliates. Except as set forth in Exhibit 3.20, all accounts and notes receivable of Company reflected in Exhibit 3.20 are properly earned and recognized in accordance with generally accepted accounting procedures and are the valid, legal and binding obligations of their respective debtors, not subject to any right of set-off, each evidenced by written contracts.

3.21 Condition of Assets. Except as set forth in Exhibit 3.21, the buildings, structures, equipment and other tangible assets of Company are in good condition and repair, ordinary wear and tear excepted, and are adequate for the uses as to which they are being put. The buildings, structures, equipment and other tangible assets of Company are sufficient for the continued conduct of their business after the Closing Date in the same manner as it was conducted prior to the Closing Date. Except as set forth in Exhibit 3.21, the maintenance, operation, use or occupancy by Company of any real property or tangible personal property does not violate any zoning, building, health, environmental, fire, safety or similar law or ordinance, order or regulation of any Governmental Entity or the certificate or certificates of occupancy issued or to be issued by any Governmental Entity for such real property.

3.22 Compliance with Law. Except as set forth in Exhibit 3.22, Company is in compliance with and are not in

violation of or in default with respect to, or in alleged violation of or alleged default with respect to, any applicable law, rule, regulation or statute applicable to the operations of Company, or any order, permit, certificate, writ, judgment, injunction, decree, determination, award or other decision of any court or any Governmental Entity to which Company is a party or by which Company is bound. Company is not delinquent with respect to (a) any report required to be filed with any Governmental Entity; or (b) the preparation and delivery of any reports required by private agreements to which Company is a party.

3.23 Hazardous Wastes and Substances. Except as set forth in Exhibit 3.23, the operations of Company nor the use of their assets violates any applicable federal, state or local law, statute, ordinance, rule, regulation, memorandum of understanding, order or notice requirement pertaining to the collection, transportation, storage, treatment, discharge, release or disposal of hazardous or non-hazardous waste or substances, including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 *et seq.*), as amended from time to time ("CERCLA") (including, without limitation, as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and such regulations promulgated under CERCLA, (ii) the Resources Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 *et seq.*), as amended from time to time ("RCRA"), and such regulations promulgated under RCRA, (iii) any applicable federal, state or local laws or regulations relating to the environment (collectively, the "Applicable Environmental Laws"). Except as set forth in Exhibit 3.23, none of the operations of Company has ever been conducted nor have any of their assets been used in such a manner as to constitute a violation of any of the Applicable Environmental Laws. Except as set forth in Exhibit 3.23, no notice has been served on Company or the Shareholders, by any person or Governmental Entity regarding any existing, pending or threatened investigation or inquiry related to violations under any Applicable Environmental Law, or regarding any claims for corrective action, remedial obligations or contribution for removal costs or damages under any Applicable Environmental Law or regarding the designation of Company, the Shareholders or any of their affiliates as a potentially responsible party for any facility under the Applicable Environmental Laws, nor, to the knowledge of the Shareholders and Company does any fact or circumstance exist which, if disclosed publicly, would be reasonably likely to result in the service on Company or the Shareholders, of any such notice. Except as set forth in Exhibit 3.23, neither the Shareholders or Company knows of any reason Buyer would be required to obtain permits, licenses or similar authorization pursuant to any Applicable Environmental Law in effect as of the date of this Agreement to operate and use any of Company's assets for their current purposes and uses. Neither the Shareholders or Company knows of any action taken, or omitted

to be taken by Company which has caused, or would be reasonably likely to cause, a "release" of any "hazardous substance" at any "facility", without limitation, within the meaning of such terms as defined in the Applicable Environmental Laws.

3.24 Underground Storage Tanks. Except as set forth in Exhibit 3.24, there are not, nor have there ever been (i) any underground storage tanks ("USTs") located at, on or under any real property owned or leased, or previously owned or leased by the Company; or (ii) any underground pipes located at, on or under any real property owned or leased, or previously owned or leased by the Company, connected (or previously connected) to any USTs, wherever located. Except as set forth in Exhibit 3.24, the Company has never owned, leased or operated, or permitted the installation of, any USTs at, on or under any real property owned or leased, or previously owned or leased by the Company.

3.25 Transactions with Management. Except as set forth in Exhibit 3.25, Company is not party to any contract, lease or commitment with any of its officers, directors, employees, or agents, or with any of the Shareholders, or with any affiliate of any such person. None of the officers, directors, employees of Company or the Shareholders owns, leases or licenses to any interest in any asset used by Company in its business, other than solely by and through ownership of the capital stock of Company.

3.26 Assumed Names. Except as set forth in Exhibit 3.26, Company does engages in or conducts any business under any assumed or fictitious name.

3.27 Personnel. Exhibit 3.27 sets forth a true, complete and correct list, with respect to Company of the following information: (i) the name, current salary or wage rate of each employee; (ii) the last raise date and amount of any raise received by each employee; (iii) the current bonus arrangements applicable to each employee; (iv) the last bonus date and the amount of bonus awarded to each employee; (v) any other material compensation arrangements (excluding employee insurance or benefit plans described in Exhibit 3.16) with each employee; and (vi) a description of any licenses held by an employee which are germane to the business of the Company.

3.28 Bank Accounts and Powers of Attorney. Exhibit 3.28 sets forth a true, complete and correct list of the names and addresses of each bank or other financial institution in which Company has an account or safe deposit box, the account number, the account name and type of account, the names of all persons authorized to draw thereon and have access thereto, and the name of all persons, if any, holding powers of attorney to act for the Company. Exhibit 3.28 further sets forth a true, complete and correct list of the

names and addresses of all persons, other than officers and full-time employees, authorized to bind Company, contractually, including, without limitation, independent marketing agents or independent contractors.

3.29 Books and Records. All the books, records, minute books and work papers of Company have been delivered to or will be made available for inspection by the Buyer on or before the Closing Date. Such books, records, minute books or workpapers represent all of the records of the Company relating to the conduct of their business, are true and correct in all respects, and have been maintained in a manner consistent with standard industry practice and applicable laws and regulations.

3.30 Information Supplied. No written statement, certificate, schedule, list or other written information furnished by or on behalf of Company to Buyer prior to the date hereof in connection herewith contains (after giving effect to any correction thereof furnished to Buyer in writing prior to the date hereof), any untrue statement of a material fact or omits or will omit to state a material fact required to be stated therein or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

3.31 Revenue Guarantees. All customers (the "Customers") of Company, as shown on the Company customer lists, are presently receiving services from Company. The average monthly revenues from providing services to the Customers for the three month period April, May and June, 1994 (the "Test Period"), will not be less than an average of $260,000 per month (the "Required Revenues") during the Test Period. The revenues during the Test Period will also be equitably adjusted for each customer account lost as a result of a price increase. In the event Buyer should determine that actual average monthly revenues during the Test Period are less than the Required Revenues, an amount equal to 12.0 times any such deficiency shall be deemed to be the amount of Buyer's liquidated damages incurred as a result of the breach of the Required Revenues representation and warranty during the Test Period. Any revenues previously generated from companies acquired within the last 30 days or to be acquired by Buyer within the test period will be considered in satisfying the Required Revenues.

4. ARTICLE 4 - OBLIGATIONS PENDING CLOSING DATE

4.1 Agreements of Buyer and Shareholders. Buyer and each of the Shareholders agrees that from the date hereof to the Closing Date, Buyer and the Shareholders shall cause the Company to:

4.1.a Maintenance of Present Business. Except as contemplated by this Agreement or as set forth in Exhibit 4.1, use its best efforts to operate its business only in the usual, regular, and ordinary manner so as to maintain the goodwill it now enjoys and, to the extent consistent with such operation, use all reasonable efforts to preserve intact its present business organization, keep available the services of its present officers and employees, and preserve its relationship with customers, suppliers, jobbers, distributors, and others having business dealings with it.

4.1.b Maintenance of Properties. At its expense, use its best efforts to maintain all of its property and assets in customary repair, order, and condition, reasonable wear and use and damage by fire or unavoidable casualty excepted.

4.1.c Maintenance of Books and Records. Maintain its books of account and records in the usual, regular, and ordinary manner, in accordance with generally accepted accounting principles applied on a consistent basis.

4.1.d Compliance with Law. Use its best efforts to duly comply in all material respects with all laws applicable to it and to the conduct of its business.

4.1.e Inspection of Buyer and of Company. Grant to the other parties hereto, and their officers and authorized representatives the right, during normal business hours, to inspect its records and to consult with its officers, employees, attorneys, and agents for the purpose of determining the accuracy of the representations and warranties hereinabove made and the compliance with covenants contained in this Agreement. Buyer and each of the Shareholders agree that it and its officers and representatives shall hold all data and information obtained with respect to the other parties hereto in the same degree of confidence as it maintains with respect to similar information concerning itself, and each further agrees that it will not use such data or information or disclose the same to others, except to the extent such data or information either is, or becomes, published or a matter of public knowledge.

4.1.f Right of Set-Off.

4.1.f.(i) The Buyer and Shareholder agree that Buyer shall have the right of set off against the Buyer's Common Stock (described in Section 1.1) any loss, damage, cost or expenses for which the Shareholder may be responsible pursuant to this agreement, whether or not indemnified as described in

Section 7.1 of this Agreement, subject, however, to the following terms and conditions:

4.1.f.(ii) the Buyer shall give notice, in accordance with Section 8.2 of this Agreement, to Shareholders of any claimed breach of any such representation or warranty made or obligation incurred, which notice shall set forth the amount of loss, damage, cost or expense which Buyer claims to have sustained by reason thereof;

4.1.f.(iii) unless otherwise agreed by the parties, set off shall be effected on the date of notice of such claim and such set off shall be charged against the Shares of Common Stock.

4.1.f.(iv) if, such claim is contested, Shareholder shall notify Buyer within 10 days from the date of such notice (the "Notice of Contest Period") of an intention to dispute claim. If such dispute is not resolved within 30 days after Notice of Contest is given (the "Resolution Period"), then such dispute shall be resolved by a committee of three arbitrators (one appointed by the Shareholder one appointed by the Buyer and one appointed by the other two so appointed), which shall be appointed within 60 days after the expiration of the Resolution Period. The arbitrators shall abide by the rules of the American Arbitration Association and their decision shall be made within 45 days from the date of appointment and shall be final and binding on all parties; and

4.1.f.(v) if the amount agreed upon or awarded through arbitration as settlement of such disputed claim ("Settlement Amount") is less than the actual amount of such disputed claim ("Set-Off Amount") then Purchaser agrees to release the difference between the Settlement Amount and Set-Off Amount to Shareholder as appropriate.

4.1.g. The remedies provided for in this section 4.1.f shall be in addition to and not in lieu of any other remedies available to the Purchaser under this Agreement or otherwise.

4.2 Additional Agreements of the Shareholders. Each of the Shareholders agrees that from the date hereof to the Closing Date, they will cause the Company to:

4.2.a Prohibition of Certain Employment Contracts. Not enter into any contracts of employment which cannot be terminated on notice of 30 days or less or which provide for any severance payments or benefits covering a period beyond the earlier of the termination date or notice thereof.

4.2.b Prohibition of Loans. Not incur any borrowings, except in the usual and ordinary course of business, without the prior written consent of Buyer.

4.2.c Prohibition of Certain Commitments. Not enter into a commitment for capital expenditures or incur any liability exceeding $10,000, in the aggregate, except (i) as may be necessary for the maintenance of existing facilities, machinery and equipment in good operating condition and repair in the ordinary course of business or (ii) as is otherwise agreed to in writing by Buyer.

4.2.d Disposal of Assets. Not sell, dispose of, or encumber, any property or assets, except (i) in the usual and ordinary course of business; or (ii) as may be approved in writing by Buyer.

4.2.e Maintenance of Insurance. Maintain insurance upon all its properties and with respect to the conduct of its business of such kinds and in such amounts as is customary in the type of business in which it is engaged, but not less than that presently carried by it, which insurance may be added to from time to time in its discretion; *provided*, that if during the period from the date hereof to and including the Closing Date any of its property or assets are damaged or destroyed by fire or other casualty, the obligations of Buyer and the Shareholders under this Agreement shall not be affected thereby (subject, however, to the provision that the coverage limits of such policies are adequate in amount to cover the replacement value of such property or assets, less commercially reasonable deductible, if of material significance to the assets or operations of Company) but it shall promptly notify Buyer in writing thereof and proceed with the repair or restoration of such property or assets in such manner and to such extent as may be approved by Buyer, and upon the Closing Date all proceeds of insurance and claims of every kind arising as a result of any such damage or destruction shall remain the property of the Company.

4.2.f Acquisition Proposals. Not directly or indirectly (i) solicit, initiate or encourage any inquiries or Acquisition Proposals (defined below) at any time before termination of this Agreement from any person; or (ii) participate in any discussions or negotiations regarding, furnish to any person other than Buyer or its representatives any information with respect to, or otherwise assist, facilitate or encourage any Acquisition Proposal by any other person. As used herein "Acquisition Proposal" means any proposal for a merger, consolidation or other business combination involving Company or for the acquisition or

purchase of any equity interest in, or a material portion of the assets of, Company, other than the transactions with Buyer contemplated by this Agreement. The Shareholders shall promptly communicate to Buyer the terms of any such written Acquisition Proposals which they may receive or any written inquiries made to it or any of its directors, officers, representatives or agents.

4.2.g No Amendment to Articles of Incorporation. Not amend its Articles of Incorporation or merge or consolidate with or into any other corporation or change in any manner the rights of its common stock or the character of its business.

4.2.h No Issuance, Sale, or Purchase of Securities. Except as contemplated by this Agreement, neither the Shareholders nor the Company issue or sell, or issue options or rights to subscribe to, or enter into any contract or commitment to issue or sell (upon conversion or otherwise), any shares of its capital stock (except upon exercise of presently outstanding employee stock options), or subdivide or in any way reclassify any shares of its capital stock, or acquire, or agree to acquire, any shares of its capital stock.

4.2.i Prohibition on Dividends. Except as set forth in Exhibit 4.1, not declare or pay any dividend on shares of its capital stock or make any other distribution of assets to the holders thereof.

4.2.j Notice of Material Developments. Promptly notify Buyer in writing of any material, adverse change in, or any changes which in the aggregate could result in a material, adverse change in, the business, properties, condition (financial or otherwise), results of operations or prospects of Company, whether or not occurring in the usual and ordinary course of its business.

4.2.k Closing Date Indebtedness. Not allow the aggregate amount of Closing Date Indebtedness, excluding trade accounts payable, to exceed $925,000.00 to be adjusted at month's end consistent with this agreement.

4.2.l Payments. Not delay or postpone the payment of accounts payable and other current liabilities outside the ordinary course of business.

4.3 Additional Agreements of Buyer. Buyer agrees that it will:

4.3.a Corporate Approvals. Call and hold a meeting of its board of directors for the purpose of authorizing this Agreement and the transactions contemplated hereby.

4.3.b Notice of Material Developments. Promptly furnish to the Company copies of all Buyer communications to its stockholders and all reports filed by it with the SEC, and relating to periodic or other material developments concerning Buyer's financial condition, business, or affairs.

4.3.c Current Report on Form 8-K. Prepare and submit to Company for its review and approval prior to filing with the SEC, a Current Report on Form 8-K with regard to the transactions contemplated by this Agreement within 10 days after the Closing Date.

5. ARTICLE 5 - THE CLOSING

5.1 Time and Place. The closing of the Exchange ("Closing") is contemplated to occur at 7:00 a.m. on March 29, 1994 and will be adjusted at month's end consistent with this Agreement provided, however, that in no event shall the Closing occur later than May 1, 1994 at the offices of Allied Waste Industries, Inc., 935 West 175th Street, Suite 200, Homewood, Illinois 60430 unless another time and place are agreed to by the parties.

5.2 Conditions to Obligations of Buyer Prior to Closing. Prior to the Closing, the Shareholders shall deliver or cause to be delivered to Buyer the following:

5.2.a Certificates of the Secretary of State of each relevant jurisdiction dated not more than ten days prior to the Closing Date, attesting to the organization and good standing of Company as a corporation in its jurisdiction of incorporation. (Exhibit 5.2.b.)

5.2.b Copies, certified by the Secretary of State of each relevant jurisdiction as of a date not more than ten days prior to the Closing Date of the articles or certificate of incorporation of Company, and all amendments thereto. (Exhibit 5.2.c.)

5.2.c Copies, certified by the Secretary of Company as of the Closing Date, of the bylaws of Company and all amendments thereto. (Exhibit 5.2.d.)

5.2.d A commitment, in form, amount and substance satisfactory to Buyer, for an owners policy of title insurance (the "Policy"), insuring Company's fee simple title to all real property, if any, owned by Company at the Closing Date, subject only to (i) the general exceptions contained in the Policy; and (ii) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which may be removed by the payment of money or ascertainable amount which may be removed by the payment of money at the time of closing and which the Shareholders may so remove at that time, which exceptions shall be reasonably acceptable to Buyer. (Exhibit 5.2.e.)

5.2.e The written opinion of Hoogendoorn, Talbot, Davids, Godfrey & Milligan, counsel to Company, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.2.f.

5.2.f The Employment Agreements and Non-Competition Agreements for each Shareholder and Donald L. Haan in form attached hereto as Exhibit 5.2.g.

5.2.g Any permits necessary to the operations of the Company's business amended to adequately reflect any change of control or other amendment necessary to reflect the Exchange. (Exhibit 5.2.h.)

5.2.h Certificates representing 100% of the outstanding shares of the Company Common Stock. (Exhibit 5.2.i.)

5.2.i The Schedules and Company Financial required in Article 3, delivered to Buyer at Closing Date, which Schedules and Company Financial shall be satisfactory to Buyer.

5.2.j Completion by Buyer of a due diligence review of the Company, which review shall be reasonably acceptable to Buyer and completed prior to closing.

5.2.k Execution by the holders of 100% of the issued and outstanding equity securities of the Company of the Termination Agreement attached hereto as Exhibit 5.2.l.

5.2.l The resignation of all current officers and directors of the Company. (Exhibit 5.2.m.)

5.3 Conditions to the Obligations to Shareholders. Prior to the Closing, Buyer shall deliver, or cause to be delivered, to the Shareholders the following:

5.3.a The written opinion of Thomas K. Kehoe, counsel to Buyer, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.3.b.

5.3.b The Employment Agreements required in Section 5.2.g hereof. (Exhibit 5.2.g.)

5.3.c The Common Stock required by Article 1.

6. ARTICLE 6 - TERMINATION AND ABANDONMENT

6.1 Termination. Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated and the Exchange contemplated hereby abandoned at any time (whether before or after the approval and adoption thereof by the stockholders of Company) before the Closing Date:

6.1.a By Mutual Consent. By mutual consent of Buyer and the Shareholders.

6.1.b By Buyer Because of Failure to Perform Agreements or Conditions Precedent. By Buyer if the Shareholders have failed to perform any agreement set forth herein, or if any condition set forth in Article 5 hereof has not been met and has not been waived. Election by Buyer to terminate this Agreement pursuant to this Section 6.1(b) shall not limit any other right or remedy of Buyer.

6.1.c By the Shareholders Because of Failure to Perform Agreements or Conditions Precedent. By the Shareholders, if Buyer has failed to perform any agreement set forth herein, or if any condition set forth in Article 5 hereof has not been met and has not been waived. Election by the Shareholders to terminate pursuant to this Section 6.1(c) shall not limit any other right or remedy of the Shareholders.

6.1.d By Buyer or the Shareholders Because of Legal Proceedings. By either Buyer or the Shareholders if any suit, action, or other proceeding shall be pending or threatened by the federal or a state government before any court or governmental agency, in which it is sought to restrain, prohibit, or otherwise affect the consummation of the Exchange.

6.1.e By Buyer Because of Dissenting Shareholders. By Buyer, if the holders of any shares of Company Common Stock elect not to participate in the Exchange.

6.2 Termination by Board of Directors. An election by Buyer to terminate this Agreement and abandon the Exchange as provided in this Article shall be exercised on behalf of Buyer by its board of directors.

6.3 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to and in accordance with the provisions of this Article other than Section 6.1(b) and 6.1(c), this Agreement shall become void and have no effect, without any liability on the part of any party hereto (or its stockholders or controlling persons or directors or officers), except as provided in Section 6.5.

6.4 Waiver of Conditions. Subject to the requirements of any applicable law, any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, by itself in the case of an individual, or by action taken by its board of directors, the executive committee of its board of directors, or its president, in the case of a corporation.

6.5 Expense on Termination. If the Exchange is abandoned pursuant to and in accordance with the provisions of this Article, all expenses will be paid by the party incurring them.

7. ARTICLE 7 - INDEMNIFICATION

7.1 Shareholders' Indemnification of Buyer. The Shareholders hereby agree that they shall, jointly and severally, defend and hold Buyer, its officers, directors, employees, subsidiary and parent corporations and Buyer's successors and assigns harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that such indemnified persons shall incur or suffer, which arise, result from or relate to (i) any breach by Company or the Shareholders of any of their respective representations and warranties, or any failure by Company or the Shareholders to perform any of their respective covenants or agreements set forth in this Agreement or in any Schedule, Exhibit, the Company Financial Statements, or other instrument furnished or to be furnished by or on behalf of Company or the Shareholders under this Agreement, or (ii) arising out of the conduct of the business of the Company prior to the Closing Date.

7.2 Buyer's Indemnification of Shareholders. Buyer shall indemnify, defend and hold the Shareholders harmless from and against and in respect of any and all claims, costs, damages,

losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that the Shareholders shall incur or suffer, which arise, result from or relate to any breach of or by Buyer of any of its representations and warranties, or any failure by Buyer to perform its covenants or agreements set forth in this Agreement or in any Exhibit or other instrument furnished or to be furnished by or on behalf of Buyer under this Agreement.

7.3 Indemnification Procedure. Promptly after an indemnified party becomes aware of any claim, demand, action, proceeding, event, or condition with respect to which a claim for indemnification may be made pursuant to this Article, such indemnified party shall, if a claim in respect thereof is to be made against any party, give written notice to the latter of the nature of the matter for which a right to indemnification is claimed (an "Indemnification Claim"); provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of any obligations, except to the extent (and only to the extent) the indemnifying party is materially prejudiced thereby. In case any such Indemnification Claim involves a claim, demand, action, or proceeding by a third party (a "Third Party Claim"), the indemnifying party shall be entitled to assume the defense thereof, jointly with any other indemnifying party similarly notified, with counsel reasonably satisfactory to such indemnified party, such defense to be conducted at the expense of the indemnifying party. After notice from the indemnifying party to such indemnified party of its election to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense of the Third Party Claim, other than reasonable costs of investigation, unless the indemnifying party has failed to assume the defense of such Third Party Claim and to employ counsel reasonably satisfactory to such indemnified person. Notwithstanding any of the foregoing to the contrary, the indemnified party will be entitled to select its own counsel and assume the defense of any Third Party Claim action if the indemnifying party fails to select counsel reasonably satisfactory to the indemnified party or fails to prosecute the defense, the expenses of such defense to be paid by the indemnifying party. No indemnifying party shall consent to entry of any judgment or enter into any settlement with respect to a Third Party Claim without the consent of the indemnified party, which consent shall not be unreasonably withheld. No indemnified party shall consent to entry of any judgment or enter into any settlement of any Third Party Claim the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party, which consent shall not be unreasonably withheld.

7.4 Shareholders' Release of the Company. By the execution of this Agreement, each of the Shareholders releases, remises and forever discharges, the Company and its directors, officers, employees, consultants and agents, and the Company subsidiary, parent and successor corporations, from any cause of action, claim, liability, cost or expense (including attorneys' fees) which the Shareholders, or any of them, may have suffered, or claim to have suffered before the Closing Date arising out of their ownership of Company Common Stock, the operation of Company's business, the execution and delivery of this Agreement, the execution, delivery and performance of any other agreement or action taken in contemplation of this Agreement and the consummation of the transactions contemplated hereby.

7.5 Determination of Claims. An Indemnification Claim (other than any Indemnification Claim involving a Third Party Claim, which shall be payable as provided in Section 7.3 above) shall be payable under Section 7.1 above by any Shareholder or under Section 7.2 above by Buyer, as applicable, when (i) there is a mutual agreement between the indemnified party and the indemnifying party as to the indemnifying party's liability for such Indemnification Claim and the amount of such liability, or (ii) a final judgment is rendered by a court of competent jurisdiction (and such judgment is not stayed for a period of 60 days) with respect to the indemnifying party's liability for the Indemnification Claim and the amount of such liability.

8. ARTICLE 8 - GENERAL PROVISIONS

8.1 Survival of Representations, Warranties and Agreements. The representations, warranties and agreements contained in this Agreement and in each instrument delivered pursuant to this Agreement shall survive for the periods indicated below and shall not be extinguished by the consummation of the Exchange or any investigation made by or on behalf of any party hereto. All representations and warranties shall survive the Closing for a period of four (4) years from Closing except the representations and warranties contained in Section 3.23 shall survive for a period of ten (10) years after Closing.

8.2 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or on the date transmitted if transmitted by facsimile to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Buyer:

Allied Waste Industries, Inc.
7201 East Camelback Road, Suite 375
Scottsdale, Arizona 85251
Attention: President

(b) If to Shareholders:

Mr. Douglas Haan
8469 Bell Court
Crown Point, Indiana 46307

Mr. Larry Plowman
3420 41st Street
Highland, Indiana 46322

With Copies to:

Richard D. Boonstra
Hoogendoorn, Talbot, Davids, Godfrey & Milligan
122 South Michigan Avenue, Suite 1220
Chicago, Illinois 60603-6107

8.3 Miscellaneous. This Agreement (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof; (ii) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and is not intended to confer upon any other person any rights or remedies hereunder; (iii) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Texas; and (iv) may be executed in two or more counterparts which together shall constitute a single agreement.

8.4 Publicity. Each of Buyer, Company and each of the Shareholders promptly shall advise and cooperate with the other prior to issuing, or permitting any of its directors, officers, employees or agents to issue, any press release with respect to this Agreement or the transactions contemplated hereby.

8.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, that Buyer may assign its rights hereunder without the consent of the Shareholders.

8.6 Schedules. All statements contained in any Exhibit, Schedule, certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated hereby are an integral part of this Agreement and shall be deemed representations and warranties hereunder. All of the Exhibits and Schedules delivered pursuant to this Agreement shall be bound together, indexed and delivered on or before ten business days prior to the Closing Date.

8.7 Facts "Known" to a Corporation. As used throughout this Agreement, the phrase "known" to a corporation, or any similar variations thereof, means the actual or constructive knowledge of (i) any of the Stockholders and (ii) any of the managerial employees of the Company, past or present, including, without limitation, any employee exercising responsibility for any accounting responsibility for the Company.

8.8 Professional Fees. Buyer Company and each of the Shareholders agree that any and all fees incurred pursuant to the transactions contemplated hereby for engineering, environmental, accounting and legal services (the "Professional Fees"), shall be borne by the party incurring such Professional Fees.

8.9 Governing Law: This Agreement and the rights and obligations of the parties hereto shall be governed, construed, and enforced in accordance with the laws of the State of Illinois

IN WITNESS WHEREOF, Buyer and Shareholders have signed this Agreement as of the date first written above.

BUYER: ALLIED WASTE INDUSTRIES, INC.

By _____
Its _____

COMPANY: ILLIANA DISPOSAL SERVICE, INC.

By _____
Its President

SHAREHOLDERS:

_____
DOUGLAS HAAN

_____
LARRY PLOWMAN

EXHIBIT LIST

Exhibit 1.1	Accounts Receivable Credit Formula
Exhibit 1.1.b	Allied Waste Daily Averages
Exhibit 2.1	Certificate of Good Standing - Buyer
Exhibit 2.2	Corporate Authority of Buyer
Exhibit 3.1	Organization, Standing and Qualification
Exhibit 3.2	List of Each Subsidiary of Company
Exhibit 3.3	Corporate Authority of Shareholders
Exhibit 3.4	Violations of Laws
Exhibit 3.5	Options, Warrants, Calls, Rights, Claims
Exhibit 3.7	Company Financials
Exhibit 3.8	Liabilities
Exhibit 3.9	Real Property, Machinery and Equipment Payables, Contracts
Exhibit 3.10	Undisclosed Defaults
Exhibit 3.11	Litigation
Exhibit 3.13	Licenses, Permits, Authorizations, Etc.
Exhibit 3.14	Title to Assets; Encumbrances
Exhibit 3.15	Tax Returns and Reports Filed Since January 1, 1989
Exhibit 3.16	Employee Matters
Exhibit 3.17	Employment Agreements
Exhibit 3.19	Insurance Policies
Exhibit 3.20	Accounts Receivable
Exhibit 3.21	Condition of Assets
Exhibit 3.22	Compliance with Laws
Exhibit 3.23	Hazardous Wastes and Substances
Exhibit 3.24	Underground Storage Tanks
Exhibit 3.52	Transactions with Management
Exhibit 3.26	Assumed Names
Exhibit 3.27	Personnel Matters
Exhibit 3.28	Bank Accounts and Powers of Attorney
Exhibit 4.1	Maintenance of Present Business
Exhibit 5.2.a	Closing Certificate
Exhibit 5.2.b	Certificate of Good Standing of Shareholder
Exhibit 5.2.c	Certified Copy - Articles of Incorporation of Shareholder
Exhibit 5.2.d	Certified Copy - Bylaws of Shareholder
Exhibit 5.2.e	Title Commitment
Exhibit 5.2.f	Investment Letter
Exhibit 5.2.g	Opinion of Seller's Attorney
Exhibit 5.2.h	Shareholders' Employment Agreements and Non-Competition Agreements
Exhibit 5.2.i	Permits of Shareholders
Exhibit 5.2.j	Shareholders' Stock Certificates
Exhibit 5.2.k	Registration Rights Agreement
Exhibit 5.2.n	Termination Agreement
Exhibit 5.2.o	Resignation of Officers of Shareholders
Exhibit 5.3.b	Opinion of Purchaser's Attorney

COPY

AGREEMENT AND PLAN OF MERGER

Among

ALLIED WASTE INDUSTRIES, INC.,

ALLIED ACQUISITION NSS, Inc.

and

NATIONAL SCAVENGER SERVICE, INC.

January 28, 1992

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (the "Agreement"), is made and entered into this 28th day of January, 1992, by and among ALLIED WASTE INDUSTRIES, INC., a Delaware corporation ("Parent"), Allied Acquisition NSS, Inc., an Illinois corporation and a wholly-owned subsidiary of Parent ("Sub"), NATIONAL SCAVENGER SERVICE, INC., an Illinois corporation ("NSS") and the holders of 100% of the outstanding shares of common stock, no par value per share, of NSS identified on the signature pages of this Agreement (collectively, the "Shareholders").

WHEREAS, the Boards of Directors of each of Parent, Sub and NSS, and Parent acting as the sole shareholder of Sub, and the Shareholders of NSS, have each approved the merger of Sub with and into NSS (the "Merger"), pursuant to the terms and subject to the conditions of this Agreement, whereby each issued and outstanding share of common stock, no par value per share, of NSS ("NSS Common Stock") will be converted into the right to receive shares of Parent's common stock, par value $.01 per share, of Parent ("Parent Common Stock"); and

WHEREAS, Parent, Sub, NSS and the Shareholders desire to make certain representations, warranties and agreements in connection with the Merger;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree to effect the merger of Sub with and into NSS on the terms and subject to the conditions herein described and further agree as follows:

ARTICLE I

THE MERGER

1.1 *Effective Time of the Merger.* Subject to the provisions of this Agreement, articles of merger (the "Articles of Merger") shall be prepared, executed and acknowledged by each of the Constituent Corporations (as defined in Section 1.2) and thereafter delivered to the Secretary of State of the State of Illinois for filing, as provided in the Illinois Business Corporation Act (the "IBCA"), as soon as practicable on or after the Closing Date (as defined in Section 5.1). The Merger shall become effective upon the filing of the Articles of Merger with the Secretary of State of the State of Illinois or at such time thereafter as is provided in the Articles of Merger (the "Effective Time").

1.2 *Effects of the Merger.* (a) At the Effective Time, (i) the separate existence of Sub shall cease and Sub shall be merged with and into NSS (NSS and Sub are sometimes referred to herein as the "Constituent Corporations" and NSS is sometimes referred to herein as the "Surviving Corporation"), (ii) the Articles of Incorporation of Sub as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended, (iii) the Bylaws of Sub as in effect immediately prior to the Effective Time

shall be the Bylaws of the Surviving Corporation until thereafter amended, (iv) the duly elected and incumbent Board of Directors of Sub as constituted immediately prior to the Effective Time shall be the Board of Directors of the Surviving Corporation, and shall serve until their successors are duly elected and qualified and (v) the duly elected and incumbent officers of Sub as in office immediately prior to the Effective Time shall be the officers of the Surviving Corporation, and shall serve until the Board of Directors of Surviving Corporation takes action in respect of such service.

(b) At and after the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises, whether of a public or a private nature, and be subject to all the restrictions, disabilities and duties, of each of the Constituent Corporations; and all of the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed, and all debts due to either of the Constituent Corporations on whatever account, shall be vested in the Surviving Corporation and all property, rights, privileges, powers and franchises, and all and every other interest shall thereafter be the property of the Surviving Corporation as they were of the respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of the Constituent Corporations shall not revert or be in any way impaired; but all rights of creditors and all liens upon any property of either of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities and duties of the respective Constituent Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts and liabilities had been incurred or contracted by it.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS

2.1 *Effect on Capital Stock.* At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of NSS Common Stock or capital stock of Sub:

(a) *Capital Stock of Sub.* Each issued and outstanding share of the capital stock of Sub shall be converted into and become one fully paid and nonassessable share of Common Stock, no par value per share, of the Surviving Corporation.

(b) *Cancellation of NSS Common Stock Owned by NSS or Parent.* All shares of NSS Common Stock that are owned by NSS as treasury stock and any shares of NSS Common Stock owned by Parent, Sub or any other wholly-owned Subsidiary of Parent shall be cancelled and retired and shall cease to exist, and no stock of Parent or other consideration shall be delivered in exchange therefor. As used in this Agreement, the word "Subsidiary" means any corporation or other organization, whether incorporated or unincorporated, of which such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of

the voting interest in such partnership) or as to which at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries.

(c) *Exchange Ratio for NSS Common Stock.* Each issued and outstanding share of NSS Common Stock (other than shares to be cancelled in accordance with Section 2.1(b)) shall be converted into the right to receive 489 fully paid and nonassessable shares of Parent Common Stock. All such shares of NSS Common Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such shares shall cease to have any rights with respect thereto, except the right to receive the shares of Parent Common Stock to be issued in consideration therefore, upon the surrender of such certificate, without interest.

2.2 *No Further Ownership Rights in NSS Common Stock.* All shares of Parent Common Stock issued upon the surrender for exchange of shares of NSS Common Stock in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of NSS Common Stock, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of NSS Common Stock which were outstanding immediately prior to the Effective Time.

2.3 *No Liability.* Neither Parent nor NSS shall be liable to any holder of shares of NSS Common Stock or Parent Common Stock, as the case may be, for such shares (or dividends or distributions with respect thereto) delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT AND SUB

Parent and Sub represent and warrant to NSS and the Shareholders as follows:

3.1 *Organization and Standing.* Each of Parent and Sub is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation or organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Upon consummation of the transactions contemplated hereby, all shares of Parent Common Stock issued pursuant to this agreement shall be validly issued, fully paid and non-assessable.

3.2 *Authority.* Parent and Sub have all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action of the part of Parent and

Sub. This Agreement has been executed and delivered by Parent and Sub and constitutes a valid and binding obligation of Parent and Sub enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this hereby will not, conflict with or result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Parent or Sub are subject or by which Parent or any Sub is bound, the effect of which would be materially adverse to Parent and its Subsidiaries taken as a whole. Neither Parent nor its Subsidiaries is or is alleged to be in violation or default of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any court, administrative agency or commission or other governmental agency or instrumentality, domestic or foreign (a "Governmental Entity"), relating to or affecting the operation, conduct or ownership of the property or business of Parent or its Subsidiaries, which violation or default or alleged violation or default might have a material, adverse effect, individually or in the aggregate, on the financial condition, assets, business, properties or prospects of Parent and its Subsidiaries taken as a whole.

3.3 *Approvals.* Except as referred to herein and except for compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act"), the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act") and the securities or blue sky laws of various states, there is no legal impediment to the execution and delivery of this Agreement by Parent or Sub or to the consummation of the transactions contemplated hereby, and no filing or registration with, or authorization, consent or approval of, a Governmental Entity, the Shareholders or any other third party is necessary for the consummation by Parent or Sub of the transactions contemplated hereby, other than such as may be required solely because NSS is a party to the Merger or other than such which, if not made or obtained, would not, in the aggregate, have a material, adverse effect on Parent and its Subsidiaries taken as a whole.

3.4 *SEC Documents.* Parent has made all filings with the Securities and Exchange Commission ("SEC") that it has been required to make under the Securities Act and the Exchange Act. Parent has provided to NSS a true, complete and correct copy of all of Parent's filings it has made with the SEC (including all exhibits to such filings), including Parent's Registration Statement on Form S-1 as filed with the Securities and Exchange Commission on August 16, 1991, together with all amendments thereto, its Registration Statement on Form 10, as filed with the SEC on May 15, 1991, together with all amendments thereto, its quarterly reports on Form 10-Q for the quarters ended June 30, 1991 and September 30, 1991, (all such documents that have been filed with the SEC, as amended, are referred to as the "Parent SEC Documents"). As of their respective dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be,

and none of the Parent SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Parent included in the Parent SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q) and fairly present (subject, in the case of the unaudited statements, to normal recurring audit adjustments) the consolidated financial position of Parent and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended. Except as set forth on Schedule 3.4 there have been no material adverse changes in the business, operations or financial condition or prospects of Parent and its Subsidiaries taken as a whole since September 30, 1991. Upon consummation of the transactions contemplated hereby, the shares of Parent Common Stock issued in exchange for NSS Common Stock will be validly issued, fully paid and non assessable.

3.5 *Interim Operations of Sub.* Sub was formed solely for the purpose of engaging in the transactions contemplated hereby, has engaged in no other business activities and has conducted its operations only as contemplated hereby.

3.6 *Hazardous Wastes and Substances.* To the best knowledge of Parent and its Subsidiaries, except as set forth in Parent SEC Documents, neither the operations of Parent or its Subsidiaries nor the use of their assets violates any applicable federal, state or local law, statute, ordinance, rule, regulation, memorandum of understanding, order or notice requirement pertaining to the collection, transportation, storage, treatment, discharge, release or disposal of hazardous or non-hazardous waste or substances which violation would have a material adverse effect upon Parent or its Subsidiaries taken as a whole, including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 *et seq.*), as amended from time to time on or before the Effective Time ("CERCLA") (including, without limitation, as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and such regulations promulgated under CERCLA on or before the Effective Time, (ii) the Resources Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 *et seq.*), as amended from time to time ("RCRA") on or before the Effective Time, and such regulations promulgated under RCRA, (iii) any applicable federal, state or local laws or regulations relating to the environment in effect at the Effective Time (collectively, the "Applicable Environmental Laws"). Except as set forth in Parent SEC Documents, to the best knowledge of Parent and its Subsidiaries none of the operations of Parent or any of its Subsidiaries has ever been conducted nor have any of their assets been used in such a manner as to constitute a violation of any of the Applicable Environmental Laws, which violation would have a material adverse effect upon Parent and its Subsidiaries, taken as a whole. To the best knowledge of Parent and its Subsidiares, except as set forth in Parent SEC Documents, no notice has been served on Parent or any of its Subsidiaries, by any person or Governmental Entity

regarding any existing, pending or threatened investigation or inquiry related to violations under any Applicable Environmental Law, or regarding any claims for corrective action, remedial obligations or contribution for removal costs or damages under any Applicable Environmental Law or regarding the designation of Parent or any of its Subsidiaries or any of their affiliates as a potentially responsible party for any facility under the Applicable Environmental Laws, nor, to the knowledge of the Parent and its Subsidiaries, does any fact or circumstance exist which, if disclosed publicly, would be reasonably likely to result in the service on Parent or any of its Subsidiaries, of any such notice. Except as set forth in Parent SEC Documents, neither Parent nor any of its Subsidiaries knows of any reason NSS or the Surviving Corporation would be required to obtain any additional permits, licenses or similar authorization pursuant to any Applicable Environmental Law in effect as of the date of this Agreement to operate and use any of Parent's assets for their current purposes and uses, the failure to obtain which would have a material adverse effect upon Parent and its Subsidiaries taken as a whole. Except as set forth on Parent SEC Documents, neither Parent nor any of its Subsidiaries knows of any action taken, or omitted to be taken by Parent or any of its Subsidiaries which has caused, or would be reasonably likely to cause, a "release" of any "hazardous substance" at any "facility", without limitation, within the meaning of such terms as defined in the Applicable Environmental Laws, which "release" would have a material adverse effect upon Parent and its Subsidiaries taken as a whole.

3.7 *Litigation.* Except as set forth on Parent SEC Documents, as of the date of this Agreement, there is no suit, action, proceeding or investigation pending or, to the best knowledge of Parent or its Subsidiaries, threatened against or affecting Parent or any of its Subsidiaries (or any of their respective officers or directors in connection with the business of Parent or any of its Subsidiaries), nor is there any outstanding judgment, order, writ, injunction or decree against Parent or any of its Subsidiaries, which judgment would have a material adverse effect upon Parent and its Subsidiaries taken as a whole. Neither Parent nor any of its Subsidiaries are subject to any court order, writ, injunction, decree, settlement agreement or judgment that contains or orders any on-going obligations, whether prohibitory or mandatory in nature, on the part of Parent and/or its Subsidiaries which would have a material adverse effect upon Parent and its Subsidiaries taken as a whole.

3.8 *Employment Practices.* There are no material labor or employment disputes or controversies pending, or to the best knowledge of Parent and its Subsidiaries threatened, against Parent or any of its Subsidiaries or their respective employees which would have a material adverse effect upon Parent and its Subsidiaries taken as a whole. Parent and its Subsidiaries have complied, in all material respects, with the Occupational Safety and Health Act and have complied, in all material respects, with all other laws relating to the employment of labor including, without limitation, laws relating to equal employment opportunity and employment discrimination, employment of illegal aliens, wages, hours and collective bargaining, the failure to comply with which would have a material adverse effect upon Parent and its Subsidiaries taken as a whole. Notwithstanding anything herein to the contrary, Parent and each of its Subsidiaries have complied with all laws relating to the collection and payment of social security and withholding taxes, or both, and similar taxes, the failure to comply with which would have

a material adverse effect upon Parent and its Subsidiaries taken as a whole. Neither Parent nor any of its Subsidiaries is liable, in any material amount, for any arrearage of wages or any taxes or penalties for failure to comply with any of the foregoing which would have a material adverse effect upon Parent and its Subsidiaries taken as a whole. Except as to Mr. Potty, Inc. and as set forth on Parent SEC Documents, to the best of Parent's knowledge, there are no organization efforts presently being made or threatened by or on behalf of any labor union with respect to any employees of Parent or any of its Subsidiaries.

3.9 *Capitalization.* Parent has authorized capital stock of (a) 50,000,000 shares of Parent Common Stock, of which, as of the date of this Agreement, 9,611,873 shares are issued and outstanding, and (b) 10,000,000 shares of preferred stock ("Parent Preferred Stock") of which 0, 387,400 and 256,587 shares of Series B, Series C and Series D Preferred Stock of the Company, respectively, are issued and outstanding, and are presently convertible into an aggregate of 3,336,796 shares of Parent Common Stock. All of the issued and outstanding shares of Parent Common Stock and Parent Preferred Stock are duly and validly issued and outstanding, fully paid and non-assessable. None of the outstanding shares of Parent Common Stock and Parent Preferred Stock have been issued in violation of any preemptive rights of the current or past stockholders of Parent. As of the date hereof, the Parent has reserved for issuance (i) an aggregate of 796,040 shares of Parent Common Stock issuable on conversion of its 8% Convertible Subordinated Notes, (ii) an aggregate of 649,156 shares of Parent Common Stock upon issuance of stock options to employees, officers, directors and other persons, and (iii) an aggregate of 604,225 shares of Parent Common Stock upon exercise of stock purchase warrants. Except as set forth in this Section 3.9, and except for shares that may be issued in connection with completed or to be completed acquisitions, there are no shares of capital stock or other equity securities of Parent outstanding, and no outstanding options, warrants, rights to subscribe for, cause, or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of the capital stock of Parent or contracts, commitments, understandings or arrangements by which Parent is or may be obligated to issues additional shares of its capital stock or options, warrants, or rights to purchase or acquire any additional shares of its capital stock.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF NSS AND THE SHAREHOLDERS

NSS and the Shareholders hereby, jointly and severally, represent and warrant to Parent and Sub as follows:

4.1 *Organization, Standing and Qualification.* NSS is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted. Schedule 4.1 sets forth a true, complete and correct list of each jurisdiction, foreign or domestic, in which NSS (a) owns or leases property, has employees or otherwise conducts operations and/or (b) is duly qualified or licensed to do business as a foreign corporation. NSS is licensed and qualified to do business as a foreign corporation in each jurisdiction in which the character of NSS's properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified would not have a material, adverse effect on NSS.

4.2 *Subsidiaries.* NSS has no Subsidiaries and does not own, directly or indirectly, any interest or investment (whether debt or equity) in any other corporation, partnership, joint venture, business, trust, or unincorporated association.

4.3 *Authority.* NSS has all requisite corporate power and authority, and each of the Shareholders has full legal right and capacity, to execute and deliver this Agreement and Ancillary Agreements (defined below) and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and Ancillary Agreements and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of NSS and the Shareholders. This Agreement and Ancillary Agreements have been duly executed and delivered by NSS and the Shareholders and constitutes the legal, valid and binding obligation of NSS and the Shareholders, enforceable against them in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

"Ancillary Agreements" means the Employment Agreement, Non Competition Agreement and Registration Rights Agreement attached hereto as Exhibits 5.2(g), 5.2(h) and 5.3(h).

4.4 *No Violation.* The execution and delivery of this Agreement and Ancillary Agreements do not, and the consummation of the transactions contemplated by this Agreement and Ancillary Agreements will not, conflict with, result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, license, permit, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of NSS or

the Shareholders is subject or by which NSS or the Shareholders are bound, the effect of which would be materially adverse to NSS. Except as set forth in Schedule 4.4, NSS is not in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any Governmental Entity relating to or affecting the operation, conduct or ownership of the property or business of NSS which violation would have a material adverse effect on NSS.

4.5 *Capitalization.* The authorized capital stock of NSS consists solely of 100,000 shares of NSS Common Stock, of which 5000 shares are outstanding. All outstanding shares of NSS capital stock are owned beneficially and of record by the Shareholders and are validly issued, fully paid and nonassessable and not subject to preemptive rights. No shares of NSS capital stock are held in treasury by NSS. No bonds, debentures, notes or other indebtedness having the right to vote (or convertible into securities having the right to vote) on any matters on which stockholders may vote ("Voting Debt"), are issued or outstanding. Schedule 4.5 sets forth a true, complete and correct list of all options, warrants, calls, rights, claims, commitments or agreements to which NSS or by which any of them is bound, obligating NSS to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or any Voting Debt of NSS or obligating NSS to grant, extend or enter into any such option, warrant, call, right or agreement. After the Effective Time, there will be no such option, warrant, call, right or agreement obligating NSS to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or any Voting Debt of NSS, or obligating NSS to grant, extend or enter into any such option, warrant, call, right or agreement. Except as set forth in Schedule 4.5, there are no agreements obligating NSS to redeem, repurchase or otherwise acquire the capital stock of NSS or any other securities issued by them, or register the sale of the capital stock of NSS under applicable securities laws. Except as set forth in Schedule 4.5, there are no agreements or arrangements prohibiting or otherwise restricting the payment of dividends or distributions to stockholders by NSS. Upon consummation of the actions contemplated hereby, Parent will own all NSS Common Stock free and clear of all Encumbrances. As used in this Agreement, the term "Encumbrance" means and includes (i) any security interest, mortgage, deed of trust, lien, charge, pledge, proxy, adverse claim, equity, power of attorney, or restriction of any kind, including but not limited to, any restriction or servitude on the use, transfer, receipt of income, or other exercise of any attributes of ownership, and (ii) any Uniform Commercial Code financing statement or other public filing, notice, or record that by its terms purports to evidence or notify interested parties of any of the matters referred to in clause (i) that has not been terminated or released by another proper public filing, notice or record.

4.6 *Approvals.* No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to NSS in connection with the execution and delivery of this Agreement by NSS or the consummation by NSS of the transactions contemplated hereby, except for the filing of the Articles of Merger with the Secretary of State of the State of Illinois and appropriate documents with the relevant authorities of other states in which NSS owns or leases property, conducts operations or is licensed or qualified to do business as a foreign corporation.

4.7 *Financial Statements*. NSS has furnished to Parent true, complete and correct copies of (a) NSS's unaudited consolidated balance sheet at November 30, 1991, and consolidated statement of operations and cash flows for each of the 11-month periods ended November 30, 1991 and 1990 and (b) NSS's unaudited consolidated financial statements at, and for each of the fiscal years in the three-year period ended, December 31, 1990 (which financial statements consist of at least a balance sheet, and statements of operations, cash flows and changes in stockholders equity) (the financial statements referred to in clauses (a) and (b) being referred to herein as the "NSS Financials"). As of their respective dates, the NSS Financials did not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The NSS Financials are in accordance with the books and records of NSS, comply with applicable accounting requirements, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present (subject, in the case of unaudited financial statements, to normal recurring audit adjustments) the consolidated financial position of NSS as at the date thereof and the consolidated results of operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

4.8 *Liabilities*. NSS has no liabilities or obligations, either accrued, absolute, contingent, or otherwise, or has any knowledge of any potential liabilities or obligations, which would have a material, adverse affect on the value or the conduct of the business of NSS other than those (a) reflected or reserved against in the unaudited consolidated balance sheet of NSS at November 30, 1991, (b) incurred in the ordinary course of business since November 30, 1991 or (c) set forth in Schedule 4.8 hereto.

4.9 *Additional Information*. Attached as Schedule 4.9 are true, complete and correct lists of the following items:

(a) *Real Property*. All real property and structures thereon owned, leased or subject to a contract of purchase and sale or option agreement, or lease commitment, by NSS or in which NSS has any other interest with a description of (i) the use to which such real property is put and (ii) the nature and amount of any Encumbrances thereon;

(b) *Machinery and Equipment*. All machinery, transportation equipment, tools, equipment, furnishings, and fixtures (excluding such items that had a cost basis of $1,000 or less at their respective dates of acquisition by NSS) owned, leased or subject to a contract of purchase and sale or lease commitment, by NSS with a description with respect to each such item of: (i) the serial number of such item; (ii) the location at which such item is kept; (iii) whether such item is owned or leased; (iv) if owned, a description of the nature and amount of any Encumbrances thereon; and (v) if leased, the name of the lessor and a true, complete and correct copy of any written agreement pursuant to which such item is leased;

(c) *Payables*. All accounts and notes payable of NSS, together with an appropriate aging schedule as of November 30, 1991; and

(d) *Contracts*. All contracts, agreements and commitments of NSS, whether or not made in the ordinary course of business, including leases under which NSS is lessor or lessee, which are to be performed in whole or in part after the Effective Date, and which (i) involve or may involve aggregate payments by or to NSS of $10,000 or more after the Effective Date, (ii) are not terminable by NSS without premium or penalty on 30 (or fewer) days' notice, (iii) purport to prohibit or restrict the activities of NSS, or the ability of NSS to compete in any line of business or with any person, (iv) purport to prohibit or restrict the business activities of another person or another person's ability to be in the line of business of or to compete with NSS or (v) are otherwise material to the business or properties of NSS. All such agreements are legal, valid and binding obligations of NSS, as the case may be, enforceable in accordance with their terms, subject to bankruptcy, insolvency, moratorium or other similar law affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

4.10 *No Undisclosed Defaults*. Except as set forth in Schedule 4.10, NSS is not a party to, or bound by, any contract or arrangement of any kind to be performed after the Effective Date, which is in default in any material respect with respect to any obligation or covenant on its part to be performed under any such contract or arrangement.

4.11 *Litigation*. Except as set forth in Schedule 4.11, there is no suit, action, proceeding or investigation pending or, to the best knowledge of the Shareholders and NSS, threatened against NSS (or any of their respective officers or directors in connection with the business of NSS), nor is there any outstanding judgment, order, writ, injunction or decree against NSS. Except as set forth in Schedule 4.11, to the best knowledge of the Shareholders and NSS there are no facts upon which any action, suit or proceeding could be brought against NSS. NSS is not subject to any court order, writ, injunction, decree, settlement agreement or judgment that contains or orders any on-going obligations, whether prohibitory or mandatory in nature, on the part of NSS.

4.12 *Absence of Certain Changes*. Except as disclosed in the unaudited consolidated balance sheet of NSS at November 30, 1991, or the related consolidated statement of operations for the period then ended (collectively, the "NSS 1991 Financials"), or as set forth in Schedule 4.12, since the date of the NSS 1991 Financials, NSS has conducted its respective businesses only in the ordinary and usual course, and there has not been, occurred or arisen:

(a) any material, adverse change in the assets, liabilities, capitalization or working capital of NSS, or in the financial condition, business, prospects or results of operations of NSS;

(b) any loss or damage to any of the properties of NSS (whether or not covered by insurance) which materially impairs the ability of NSS to conduct its business;

(c) any material obligation or liability, contingent or otherwise, except normal trade or business obligations incurred in the ordinary course of business;

(d) the creation of any material Encumbrance on any of the assets of NSS or the amendment, modification or extension of any existing Encumbrance on any such asset;

(e) any material sale, assignment, transfer, conveyance, lease, hypothecation, abandonment, or other disposition of or agreement to sell, assign, transfer, convey, lease, hypothecate, or otherwise dispose of, any of the assets of NSS, other than inventory sold in the ordinary course of business at then prevailing market prices or any assets which are scrapped as obsolete in conformance with customary procedure;

(f) any waiver or release of any material rights, including the cancellation of any material debt or accounts receivable, whether or not in the ordinary course of business;

(g) settlement of a claim, lawsuit, or proceeding at law or in equity involving (i) any payment by NSS of any amount over $1,000, individually or in the aggregate, (ii) any stipulation of fact or admission of liability or (iii) any obligation of NSS of any continuing nature;

(h) the execution, delivery or performance of any agreement with (i) the Shareholders, (ii) any of the officers, directors, stockholders, or employees of NSS, or (iii) any affiliates thereof;

(i) any labor dispute or attempt to organize any of the employees of NSS;

(j) any increase in the compensation, rate of compensation, or compensation payable or to become payable to any of the officers, directors, employees, consultants, or agents of NSS, other than raises or increases in compensation consistent with prior policy which are not in excess of 5% of the individual's annual compensation, as the case may be;

(k) any material change in any bonus, profit-sharing, pension, stock option, retirement or other similar plan, agreement or arrangement;

(l) the adoption of any new bonus, profit-sharing, pension and stock option, retirement, group life or health insurance, or other similar plan, agreement or arrangement;

(m) any accrual, arrangement for, or payment of, any bonus or severance or termination pay to any present or former officer, director or salaried employee;

(n) any material transaction, or any material agreement, contract, or commitment involving the assets of NSS, other than in the ordinary course of business;

(o) any material amendment, modification, or cancellation of any material contract, agreement, lease, license, or arrangement to which NSS is a party or to which any of their properties or assets are subject;

(p) any condemnation or taking of any asset or property of NSS, or any pending or, to the best knowledge of NSS and the Shareholders, threatened condemnation or taking of any asset or property of NSS;

(q) any change in the charter or bylaws of NSS or in the number of outstanding shares of the authorized capital stock of NSS;

(r) any issuance of capital stock or evidence of indebtedness or other securities, or the grant of any options, warrants or other rights to purchase or convert any obligation into capital stock or any evidence of indebtedness or other securities of NSS;

(s) any declaration, setting aside for payment or payment of any dividend or other distribution with respect of any capital stock or other securities of NSS, or any direct or indirect redemption, purchase or other acquisition of any such stock or security;

(t) any uncured failure to pay when due any lease obligation, obligation for borrowed money, or material account payable or any default in respect to any other material contractual obligation to which NSS is subject;

(u) any borrowing or agreement to borrow funds from any person or any guaranty of payment or performance with respect to any such arrangement;

(v) any loan or advance of funds to the Shareholders, or any of them, or to the officers, directors or employees of NSS or any of their affiliates, except for loans or advances made to employees in accordance with the customary business practices for the purpose of defraying ordinary and necessary business expenses incurred by such employees in the usual course and scope of their employment;

(w) capital expenditures exceeding $10,000 in the aggregate;

(x) any amendment or restatement of any of the NSS Financial Statements;

(y) to the best knowledge of the Shareholders, any other event which would have a material, adverse effect on the assets, liabilities, business, prospects, operations or financial condition of NSS.

4.13 *Licenses, Permits, Authorizations, Etc.* Schedule 4.13 sets forth a true, complete and correct list of all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of all governmental agencies, whether federal, state or local, domestic or foreign, held by NSS. NSS holds all approvals, authorizations, consents, licenses, orders,

franchises, rights, registrations and permits of any type, required to operate their businesses as presently conducted. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any revocation, cancellation, suspension or modification of any such approval, authorization, consent, license, order, franchise, right, registration or permit.

4.14 *Title to Assets; Encumbrances.* (a) Except as set forth in Schedule 4.14, NSS has good and marketable title to their assets, whether real, personal or intangible, including, without limitation, the assets reflected in the NSS 1991 Financials, except assets since sold or otherwise disposed of in the ordinary course of business, free and clear of all Encumbrances except (i) as reflected in the NSS 1991 Financials, (ii) liens for current taxes and assessments not yet due or being contested in good faith by appropriate proceedings, (iii) mechanic's liens arising under the operation of law for actions contested in good faith or for which payment arrangements have been made, and (iv) liens granted or incurred by NSS in the ordinary course of its business or financing of office space, furniture, and computers in the ordinary course of its business, and (v) easements, rights of way, encroachments or other reductions or matters affecting title which do not prevent the assets from being used for the purpose for which they are currently being used and which do not in the aggregate have a material adverse effect on the financial condition of NSS.

(b) There are no parties in possession of any of the assets of NSS other than NSS other than personal property held by third parties in the reasonable and ordinary course of business. NSS enjoys, and full, free and exclusive use and quiet enjoyment of their assets and their rights pertaining thereto. NSS enjoys peaceful and undisturbed possession under all leases under which it is lessee, and all such leases are legal, valid and binding obligations of NSS, enforceable against NSS, as the case may be, in accordance with their respective terms.

4.15 *Taxes and Returns.* NSS has filed all tax returns and reports required to be filed by them. NSS has paid all taxes, assessments and governmental charges and penalties which they have incurred, except such as are being or may be contested in good faith by appropriate proceedings. The NSS 1991 Financials reflect an adequate accrual, based on the facts and circumstances existing as of the date thereof, for all taxes payable by NSS (whether or not shown in any return) through the date thereof. NSS is not delinquent in the payment of any tax, assessment or governmental charge. No deficiencies for any taxes have been proposed, asserted, or assessed against NSS, and no requests for waivers of the time to assess any such tax are pending. Attached to Schedule 4.15 are true, complete and correct copies of all tax returns and reports filed by NSS since January 1, 1988. For the purposes of this Agreement, the term "tax" (including, with correlative meaning, the terms "taxes" and "taxable") shall include all federal, state, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, withholding, excise and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts.

4.16 *Employee Benefit Plans.* (a) Schedule 4.16 sets forth with respect to NSS a true, complete and correct list of all bonus, incentive compensation, profit-sharing, retirement, pension, group insurance, death benefit, or other employee welfare or fringe benefit plans of NSS, together with copies of any reports or analyses prepared with respect to such plans, arrangements or trust agreements since January 1, 1988, whether or not such reports or analyses were filed with any Governmental agency.

(b) any employee benefit plan sponsored, maintained or contributed to by NSS has been terminated in accordance with applicable law and there are no liabilities, contingent or otherwise, existing with respect to the termination of such plan. There is currently no employee benefit plan which is or was subject to any of the provisions of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in which any of its employees are or were participants (whether or not on an active or frozen basis).

4.17 *Employment Agreements.* Attached hereto as Schedule 4.17 are true, complete and correct copies of all written employment or consulting agreements to which NSS is a party or by which NSS is bound. Except as set forth in Schedule 4.17, NSS is not a party to, or has any liability or obligation under, any oral or written employment or consulting agreement with any person or any other arrangement which provides for the payment of any consideration by NSS (or Parent or the Surviving Corporation) to such person as a result of the termination of such person's employment with NSS (or the Surviving Corporation) on the consummation of the transactions contemplated hereby.

4.18 *Employment Practices.* There are no labor or employment disputes or controversies pending, or, to the best knowledge of NSS and the Shareholders, threatened against NSS or its employees or any party or parties representing NSS. NSS has complied with the Occupational Safety and Health Act and have complied with all other laws relating to the employment of labor including, without limitation, laws relating to equal employment opportunity and employment discrimination, employment of illegal aliens, wages, hours and collective bargaining. Notwithstanding anything herein to the contrary, NSS has complied with all laws relating to the collection and payment of social security and withholding taxes, or both, and similar taxes, except where the failure to comply would not have a material adverse effect on NSS. NSS is not liable for any arrearage of wages or any taxes or penalties for failure to comply with any of the foregoing.

4.19 *Insurance.* Schedule 4.19 sets forth a true, complete and correct list of all policies of property, fire and casualty, product liability, worker's compensation, professional liability and title insurance and other forms of insurance except group, health and life policies described in Schedule 4.16, under which NSS is insured. Schedule 4.19 also sets forth a true, complete and correct list and description of any bonds issued or posted by any person which respect to any operations or other activities of NSS. Attached to Schedule 4.19 are true, complete and correct copies of all agreements, contracts, commitments, plans, leases, policies, instruments and other documents respecting the matters discussed in this Section 4.19. Each of the policies and bonds listed on Schedule 4.19 is, to the best knowledge of NSS and the Shareholders, the legal, valid

and binding obligation of the insurer or bond issuer, enforceable in accordance with its terms as to which no termination or nonrenewal notice has been received, and is in an amount and provides for coverage as is customary in the solid waste collection, transportation and disposal industry.

4.20 *Accounts Receivable*. Schedule 4.20 sets forth a true, complete and correct list of all accounts and notes receivable of NSS as of November 30, 1991, in an aged receivables format, which list separately states all amounts receivable from any director, officer, employee, or agent of NSS, from any Shareholder or from any of their respective affiliates. Except as set forth in Schedule 4.20, all accounts and notes receivable of NSS reflected in Schedule 4.20 are valid, legal and binding obligations of their respective debtors, not subject to any right of set-off.

4.21 *Condition of Assets*. To the best knowledge of NSS and the Shareholders, except as set forth in Schedule 4.21, the buildings, structures, equipment and other tangible assets of NSS are in good condition and repair, ordinary wear and tear excepted. Except as set forth in Schedule 4.21, the maintenance, operation, use or occupancy by NSS of any real property or tangible personal property does not violate any zoning, building, health, environmental, fire, safety or similar law or ordinance, order or regulation of any Governmental Entity or the certificate or certificates of occupancy issued or to be issued by any Governmental Entity for such real property, the violation of which would have a material adverse effect upon NSS.

4.22 *Compliance with Law*. To the best knowledge of NSS and the Shareholders, except as set forth in Schedule 4.22, NSS is in compliance with and are not in violation of or in default with respect to, or in alleged violation of or alleged default with respect to any applicable law, rule, regulation or statute applicable to the operations of NSS, or any order, permit, certificate, writ, judgment, injunction, decree, determination, award or other decision of any court or any Governmental Entity to which NSS is a party or by which NSS is bound, which violation would have a material adverse effect upon NSS. NSS is not delinquent with respect to any report required to be filed with any Governmental Entity, which delinquency would have a material adverse effect upon NSS.

4.23 *Hazardous Wastes and Substances*. To the best knowledge of NSS and the Shareholders, except as set forth in Schedule 4.23, neither the operations of NSS nor the use of its assets violates any applicable federal, state or local law, statute, ordinance, rule, regulation, memorandum of understanding, order or notice requirement pertaining to the collection, transportation, storage, treatment, discharge, release or disposal of hazardous or non-hazardous waste or substances which violation would have a material adverse effect upon NSS, including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 *et seq.*), as amended from time to time on or before the Effective Time ("CERCLA") (including, without limitation, as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and such regulations promulgated under CERCLA on or before the Effective Time, (ii) the Resources Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 *et seq.*), as amended from time to time ("RCRA") on or before the Effective Time, and such regulations promulgated under RCRA, (iii) any applicable federal,

state or local laws or regulations relating to the environment in effect at the Effective Time (collectively, the "Applicable Environmental Laws"). To the best knowledge of NSS and the Shareholders, except as set forth in Schedule 4.23, none of the operations of NSS has ever been conducted nor have any of their assets been used in such a manner as to constitute a violation of any of the Applicable Environmental Laws, which violation would result in a material adverse effect upon NSS. To the best knowledge of NSS and the Shareholders, except as set forth in Schedule 4.23, no notice has been served on NSS or the Shareholders, by any person or Governmental Entity regarding any existing, pending or threatened investigation or inquiry related to violations under any Applicable Environmental Law, or regarding any claims for corrective action, remedial obligations or contribution for removal costs or damages under any Applicable Environmental Law or regarding the designation of NSS, the Shareholders or any of their affiliates as a potentially responsible party for any facility under the Applicable Environmental Laws, nor, to the best knowledge of the Shareholders and NSS does any fact or circumstance exist which, if disclosed publicly, would be reasonably likely to result in the service on NSS or the Shareholders, of any such notice. Except as set forth in Schedule 4.23, neither the Shareholders nor NSS knows of any reason Parent or the Surviving Corporation would be required to obtain any additional permits, licenses or similar authorization pursuant to any Applicable Environmental Law in effect as of the date of this Agreement to operate and use any of NSS's assets for their current purposes and uses, the failure to obtain which would have a material adverse effect upon NSS. Except as set forth on Schedule 4.23, neither the Shareholders nor NSS knows of any action taken, or omitted to be taken by NSS which has caused, or would be reasonably likely to cause, a "release" of any "hazardous substance" at any "facility", without limitation, within the meaning of such terms as defined in the Applicable Environmental Laws, which "release" would have a material adverse effect upon NSS.

4.24 *Transactions with Management.* Except as set forth in Schedule 4.24, NSS is not a party to any contract, lease or commitment with any of its stockholders, officers, directors, employees, or agents, or with any of the Shareholders, or with any affiliate of any such person. None of the stockholders, officers, directors, employees of NSS or the Shareholders owns, leases or licenses to any interest in any asset used by NSS in its business, other than solely by and through ownership of the capital stock of NSS.

4.25 *Assumed Names.* Except as set forth in Schedule 4.25, NSS does not engage in or conduct any business under any assumed or fictitious name.

4.26 *Personnel.* Schedule 4.26 sets forth a true, complete and correct list, with respect to NSS, of the following information: (a) the name, current salary or wage rate of each employee; (b) the last raise date and amount of any raise received by each employee; (c) the current bonus arrangements applicable to each employee; (d) the last bonus date and the amount of bonus awarded to each employee; (e) any other material compensation arrangements (excluding employee insurance or benefit plans described in Schedule 4.16) with each employee; and (f) a description of any licenses or permits held by an employee which are germane to the business of NSS.

4.27 *Bank Accounts and Powers of Attorney*. Schedule 4.27 sets forth a true, complete and correct list of the names and addresses of each bank or other financial institution in which NSS has an account or safe deposit box, the account number, the account name and type of account, the names of all persons authorized to draw thereon and have access thereto, and the name of all persons, if any, holding powers of attorney to act for NSS. Schedule 4.27 further sets forth a true, complete and correct list of the names and addresses of all persons, other than officers and full-time employees, authorized to bind NSS contractually, including, without limitation, independent marketing agents or independent contractors.

4.28 *Books and Records*. All the books, records, minute books and work papers of NSS have been delivered to or will be made available, upon request, for inspection by the Parent on or before the Closing Date. Such books, records, minute books or workpapers represent all of the records of NSS relating to the conduct of their business, are true and correct in all material respects, and have been maintained in a manner consistent with standard industry practice and applicable laws and regulations.

4.29 *Information Supplied*. No written statement, certificate, schedule, list or other written information furnished by or on behalf of NSS to Parent on or prior to the date hereof in connection herewith contains (after giving effect to any correction thereof furnished to Parent in writing prior to the date hereof), any untrue statement of a material fact or omits or will omit to state a material fact required to be stated therein or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

ARTICLE V

THE CLOSING

5.1 *Time and Place*. The closing of the Merger will take place simultaneously with the execution of this Agreement, at 10:00 a.m. on a date agreed to by the parties, which shall be no later than January 28, 1992, at the offices of Peterson & Ross, 200 E. Randolph, Chicago, Illinois 60601, unless another time and place are agreed to by the parties.

5.2 *Obligations of the Shareholders and NSS*. At the Closing, the Shareholders and NSS shall deliver or cause to be delivered to Parent and Sub the following:

(a) the Articles of Merger, duly executed and acknowledged by NSS;

(b) certificates of the Secretary of State and the taxing authorities of each relevant jurisdiction dated not more than ten days prior to the Closing Date, attesting to the organization and good standing of NSS and each of its Subsidiaries as a corporation in its jurisdiction of incorporation, and to the payment of all state taxes due and owing thereby;

(c) copies, certified by the Secretary of State of each relevant jurisdiction as of a date not more than ten days prior to the Closing Date of the articles or certificate of incorporation of NSS and each of its Subsidiaries, and all amendments thereto;

(d) copies, certified by the Secretary of NSS as of the Closing Date, of the bylaws of NSS and each of its Subsidiaries, and all amendments thereto;

(e) copies, certified by the Secretary of NSS as of the Closing Date, of resolutions duly adopted by the Shareholders and board of directors of NSS, authorizing the execution and delivery by NSS of this Agreement and all other agreements attached hereto as Exhibits or contemplated herein, the consummation of the Merger, and the taking of all such other corporate action as shall have been required as a condition to or in connection with the consummation of the Merger;

(f) a commitment, in form and substance satisfactory to Parent, for an owners policy of title insurance on [Illinois] standard form written by a title insurance company satisfactory to Parent, insuring the Surviving Corporation's fee simple title to all real property owned by NSS or its Subsidiaries at the Closing Date, subject only to such exceptions as may be acceptable to Parent;

(g) an employment agreement, in substantially the form attached hereto as Exhibit 5.2(g), executed by Richard Van Hattem pursuant to which Mr. Van Hattem agrees to employment by Parent as its Vice President and Regional Manager (Midwest);

(h) a non-competition agreement, in substantially the form attached hereto as Exhibit 5.2(h), executed by Richard Van Hattem, pursuant to which Mr. Van Hattem agrees to refrain from competing with Parent and its affiliates;

(i) an investment letter, in substantially the form attached hereto as Exhibit 5.2(i), executed by each of the Shareholders;

(j) the written opinion of Dukes, Martin, Helm & Ryan, counsel to NSS, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.2(j);

(k) a lease on certain real estate located in South Holland, Illinois, in substantially the form attached hereto as Exhibit 5.2(k), dated as of the Closing Date, executed by Sub and Richard Van Hattem; and

(l) certificates representing shares of NSS Common Stock exchanged in accordance with Article II hereof.

5.3 *Obligations of Parent and Sub.* At the Closing, Parent and Sub shall deliver, or cause to be delivered, to NSS the following:

(a) the Articles of Merger, duly executed and acknowledged by Sub;

(b) certificates of the Secretary of State and the taxing authorities of each relevant jurisdiction dated not more than ten days prior to the Closing Date, attesting to the organization and good standing of each of Parent and Sub as a corporation in its jurisdiction of incorporation, and to the payment of all state taxes due and owing thereby;

(c) copies, certified by the Secretary of State of each relevant jurisdiction as of a date not more than ten days prior to the Closing Date of the articles or certificate of incorporation of each of Parent and Sub, and all amendments thereto;

(d) copies, certified by the Secretary of Parent as of the Closing Date, of the bylaws of each of Parent and Sub, and all amendments thereto;

(e) copies, certified by a certificate of the Secretary of Parent as of the Closing Date, of resolutions duly adopted by the boards of directors of each of Parent and Sub, and by Parent as sold shareholder of Sub, authorizing the execution and delivery by Parent and Sub of this Agreement and all other agreements attached hereto as Exhibits or contemplated herein, the consummation of the Merger, and the taking of all such other corporate action as shall have been required as a condition to, or in connection with the consummation of the Merger;

(f) the employment agreement contemplated in Section 5.2(g) hereof, executed by Parent;

(g) the non-competition agreement contemplated in Section 5.2(h) hereof, executed by Parent;

(h) a registration rights agreement, in substantially the form attached hereto as Exhibit 5.3(h), executed by Parent, pursuant to which Parent grants to the Shareholders certain rights in respect of the Parent Common Stock to be issued in the Merger;

(i) the written opinion Porter & Clements, counsel to Parent and Sub, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.3(i);

(j) a lease on certain real estate located in South Holland, Illinois, in substantially the form attached hereto as Exhibit 5.2(k), dated as of the Closing Date, executed by Sub and Richard Van Hattem; and

(h) certificates representing shares of Parent Common Stock issued in accordance with Article II hereof.

ARTICLE VI

INDEMNIFICATION

6.1 *Shareholders' and NSS Indemnification of Parent.* The Shareholders and NSS hereby agree that they shall, jointly and severally, defend and hold Parent, its subsidiary and parent corporations, including, without limitation NSS, and Parent's successors and assigns harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that such indemnified persons shall incur or suffer, which arise, result from or relate to any breach by NSS or the Shareholders of any of their respective representations and warranties, or any failure by NSS or the Shareholders to perform any of their respective covenants or agreements set forth in this Agreement or in any Schedule, Exhibit, the NSS Financials, or other instrument furnished or to be furnished by or on behalf of NSS or the Shareholders under this Agreement; *provided however,* that the amount of indemnification pursuant to this Section 6.1 shall not exceed the sum of the following: $1,500,000 plus the aggregate amount of Parent Common Stock received by the Shareholders pursuant to this Agreement, and payment of any such Indemnification Claim (defined below) by the Shareholders hereunder shall be made by any combination of the following adequate to satisfy the Indemnification Claim: (i) the payment of not more than $1,500,000, (ii) forfeiture and surrender to such indemnified party of such Parent Common Stock necessary to satisfy such Indemnification Claim as provided below, and (iii) the release of any indebtedness then existing and owed by Parent and its Subsidiaries to the Shareholders at the Shareholders' option.

If the Shareholders are obligated to surrender Parent Common Stock pursuant to the terms hereof, such Shareholder shall forfeit and surrender to such indemnified party that number of shares of Parent Common Stock calculated by dividing the total amount of the Indemnification Claim by the market value of one share of Parent Common Stock on the date the Indemnification Claim is made, which shall be equal to the average of the closing bid and ask price of the Parent Common Stock as quoted on the interdealer quotation system of the National Association of Securities Dealers ("NASDAQ"); or if such NASDAQ price is unavailable, then at the average of the closing bid and ask prices for Parent's then issued common stock as quoted on any national stock exchange on which the Parent's common stock is traded; or if no such price is available, then at a value determined by Parent's independent public accountants or by an investment banking firm selected by mutual consent of Parent and the Shareholders, which consent shall not be unreasonably withheld.

6.2 *Parent's Indemnification of Shareholders.* Parent shall indemnify, defend and hold the Shareholders harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that the Shareholders shall incur or suffer, which arise, result from or relate to any breach of or by Parent or Sub of any of their representations and warranties, or any failure by Parent or Sub to perform its covenants or

agreements set forth in this Agreement or in any Exhibit or other instrument furnished or to be furnished by or on behalf of Parent or Sub under this Agreement.

6.3 *Indemnification Procedure.* Promptly after an indemnified party becomes aware of any claim, demand, action, proceeding, event, or condition with respect to which a claim for indemnification may be made pursuant to this Article, such indemnified party shall, if a claim in respect thereof is to be made against any party, give written notice to the latter of the nature of the matter for which a right to indemnification is claimed (an "Indemnification Claim"); provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of any obligations, except to the extent (and only to the extent) the indemnifying party is materially prejudiced thereby. In case any such Indemnification Claim involves a claim, demand, action, or proceeding by a third party (a "Third Party Claim"), the indemnifying party shall be entitled to assume the defense thereof, jointly with any other indemnifying party similarly notified, with counsel reasonably satisfactory to such indemnified party, such defense to be conducted at the expense of the indemnifying party. After notice from the indemnifying party to such indemnified party of its election to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense of the Third Party Claim, other than reasonable costs of investigation, unless the indemnifying party has failed to assume the defense of such Third Party Claim and to employ counsel reasonably satisfactory to such indemnified person. Notwithstanding any of the foregoing to the contrary, the indemnified party will be entitled to select its own counsel and assume the defense of any Third Party Claim action if the indemnifying party fails to select counsel reasonably satisfactory to the indemnified party or fails to prosecute the defense, the expenses of such defense to be paid by the indemnifying party. No indemnifying party shall consent to entry of any judgment or enter into any settlement with respect to a Third Party Claim without the consent of the indemnified party, which consent shall not be unreasonably withheld. No indemnified party shall consent to entry of any judgment or enter into any settlement of any Third Party Claim the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party, which consent shall not be unreasonably withheld.

6.4 *Additional Matters.* Parent shall cause the Shareholders to be released in full from their liability as personal guarantors for those certain obligations of the Company as more particularly described in Schedule 6.4 (the "Guaranteed Indebtedness").

If on April 30, 1992, Parent has not succeeded in removing Guarantors from liability for the Guaranteed Indebtedness, then Parent (i) shall continue to use its commercially reasonable best efforts to remove the Guarantors from liability for the Guaranteed Indebtedness; (ii) shall enter into an Indemnification Agreement with the Guarantors in a form reasonably satisfactory to all parties indemnifying them for any liability they may incur in connection with their guarantees and (iii) shall pay on the last day of each month after April 30, 1992, during which the Shareholders remain liable for the Guaranteed Indebtedness, commencing May 31, 1992, an amount equal to 1% of the aggregate principal amount of said Guaranteed Indebtedness which remains unpaid on said payment date (the "Unpaid Indebtedness"). The 1% payment shall be

calculated each month on the aggregate principal amount of the Unpaid Indebtedness which remains personally guaranteed by a Guarantor and unpaid at the beginning of each month after April 30, 1992.

Upon the release of the Guaranteed Indebtedness as contemplated herein, all obligations of Parent to the Shareholders with respect to the matters set forth in this Section 6.4 shall be terminated and extinguished for all purposes, and Parent shall have no further liability with respect to the Shareholders relating to, in any way, the Guaranteed Indebtedness, except for any subrogation claim.

6.5 *Exclusive Rights and Remedies*. The rights and remedies provided in this Article VI shall be the exclusive rights and remedies, contractual or otherwise, of the indemnified persons with respect to breaches of the representations and warranties contained in this Agreement. To the maximum extent not prohibited by law, Parent hereby knowingly, voluntarily and intentionally (and after consultation with its attorneys) irrevocably and unconditionally waives the provisions of the Texas Deceptive Trade Practices -- Consumer Protection Act, Tex. Bus & Com. Code Ann. Section 17.41 -- 17.63 (Vernon 1987).

ARTICLE VII

GENERAL PROVISIONS

7.1 *Survival of Representations, Warranties and Agreements*. The representations, warranties and agreements contained in this Agreement shall survive the Closing until the second anniversary of the date thereof; provided, however, that the representations and warranties of NSS and the Shareholders set forth in Section 4.15 shall survive the Closing and remain in full force and effect until the expiration of the statute of limitations, if any, applicable to the matters set forth therein; the representations and warranties of NSS and the Shareholders set forth in Sections 4.3, 4.4, 4.5 and 4.14 shall survive indefinitely. All statements contained in any Certificate, schedule, exhibit or other written instrument delivered pursuant to this Agreement shall survive the Closing Date for the applicable survival period and shall survive any investigation made by any party hereto or on its behalf. The covenants and agreements of the parties hereto contained in this Agreement shall survive the Closing until they are otherwise terminated, whether by their terms or upon the expiration of the statute of limitations. This Section 7.1 shall have no effect upon any other obligation of the parties hereto, whether to be performed before or after the Closing Date.

7.2 *Notices*. All notices or other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person, transmitted by telecopier or mailed by registered or certified first class mail, postage prepaid, return receipt requested to the parties hereto at the address set forth below (as the same may be changed from time to time by notice similarly given) or the last known business or residence address of such other person as may be designated by either party hereto in writing.

(a) If to Parent or Sub:

Allied Waste Industries, Inc.
6575 West Loop South
Suite 250
Bellaire, Texas 77401
Attention: Daniel J. Ivan
Fax: (713)664-2098

(b) If to NSS:

National Scavenger Service, Inc.
1700 W. Carroll Street
Chicago, Illinois 60612
Fax: (312)226-7724

(c) If to Shareholders:

Richard Van Hattem
17236 Dobson
South Holland, Illinois 60473
Fax: (312)226-7724

7.3 *Miscellaneous*. This Agreement (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof, (ii) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and is not intended to confer upon any other person any rights or remedies hereunder, (iii) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Texas and (iv) may be executed in two or more counterparts which together shall constitute a single agreement.

7.4 *Publicity*. Each of Parent, the Shareholders and NSS promptly shall advise and cooperate with the other prior to issuing, or permitting any of its Subsidiaries, directors, officers, employees or agents to issue, any press release with respect to this Agreement or the transactions contemplated hereby.

7.5 *Assignment*. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties.

7.6 *Schedules*. All statements contained in any Exhibit, Schedule, certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated hereby are an integral part of this Agreement and shall be deemed representations

and warranties hereunder. All of the Exhibits and Schedules delivered pursuant to this Agreement shall be bound together, indexed and delivered on or before ten business days prior to the Closing Date.

7.7 *Facts "Known" to a Corporation.* Notwithstanding anything herein to the contrary, with respect to the representations and warranties of individuals or corporations herein that are made as being to the "knowledge of" or the "best knowledge of" or "known", or otherwise to that effect, it is understood and agreed that the individual or such corporation shall have made a reasonable and sufficient investigation to determine the accuracy of such representations and warranties by consulting with and seeking the knowledge with respect thereto of the employees of the appropriate entity set forth on Schedule 7.7 attached hereto. Any such representation or warranty shall be deemed to be breached only if any of the directors, officers, or stockholders of such person or party, as set forth on Schedule 7.7, on the basis of such investigation or otherwise, has knowledge of any fact that would render such representation or warranty incorrect or would have such knowledge had such an investigation been made.

7.8 *Closing of R.18.* Notwithstanding any provision contained herein, the parties to this Agreement hereby acknowledge that the Closing shall be conditioned on the simultaneous or prior closing of Parent's acquisition of R.18, Inc., an Illinois corporation, and Parent's acquisition of certain real estate owned by the Shareholders.

7.9 *Attorney Fees.* The Shareholders shall pay any and all legal fees incurred by NSS or the Shareholders in excess of the aggregate of $25,000, incurred in connection with the transaction contemplated hereby.

IN WITNESS WHEREOF, Parent, Sub, NSS and Shareholders have signed this Agreement as of the date first written above.

ALLIED WASTE INDUSTRIES, INC.

By: _____
Roger A. Ramsey, Chairman

ALLIED ACQUISITION NSS, INC.

By: _____
Roger A. Ramsey, Chairman

NATIONAL SCAVENGER SERVICE, INC.

By: _____
Richard Van Hattem, President

SHAREHOLDERS:

_____
Richard Van Hattem

_____
Esther Van Hattem

ACKNOWLEDGMENT

STATE OF ILLINOIS §
§
COUNTY OF COOK §

BEFORE ME, the undersigned authority, on this day personally appeared Roger A. Ramsey, Chairman of the Board of Directors of Allied Waste Industries, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the free act and deed of such corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 28th day of January, 1992.

OFFICIAL SEAL
STEPHANIE F ADLER
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 4,1995

Stephanie F. Adler
Notary Public in and for
The State of Illinois

My Commission Expires:
October 4, 1995

Stephanie F. Adler
Printed Name of Notary Public

ACKNOWLEDGMENT

STATE OF ILLINOIS §
§
COUNTY OF COOK §

BEFORE ME, the undersigned authority, on this day personally appeared Roger A. Ramsey, Chairman of the Board of Directors of Allied Acquisition NSS, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the free act and deed of such corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 28th day of January, 1992.

OFFICIAL SEAL
STEPHANIE F ADLER
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 4,1995

Stephanie F. Adler
Notary Public in and for
The State of Illinois

My Commission Expires:
October 4, 1995

Stephanie F Adler
Printed Name of Notary Public

ACKNOWLEDGMENT

STATE OF ILLINOIS §
§
COUNTY OF COOK §

BEFORE ME, the undersigned authority, on this day personally appeared Richard Van Hattem, President of National Scavenger Service, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the free act and deed of such corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 28th day of January, 1992.

OFFICIAL SEAL
STEPHANIE F ADLER
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 4,1995

Stephanie F. Adler
Notary Public in and for
The State of Illinois

My Commission Expires:
October 4, 1995

Stephanie F Adler
Printed Name of Notary Public

ACKNOWLEDGMENT

STATE OF ILLINOIS §
§
COUNTY OF COOK §

BEFORE ME, the undersigned authority, on this day personally appeared Richard Van Hattem, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN TO BEFORE ME on this 28th day of January, 1992.

OFFICIAL SEAL
STEPHANIE F ADLER
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 4,1995

Stephanie F. Adler
Notary Public in and for
The State of Illinois

My Commission Expires:
October 4, 1995

Stephanie F Adler
Printed Name of Notary Public

ACKNOWLEDGMENT

STATE OF ILLINOIS §
§
COUNTY OF COOK §

BEFORE ME, the undersigned authority, on this day personally appeared Esther Van Hattem, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN TO BEFORE ME on this 28th day of January, 1992.

OFFICIAL SEAL
STEPHANIE F ADLER
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 4,1995

Stephanie F. Adler
Notary Public in and for
The State of Illinois

My Commission Expires:
October 4, 1995

Stephanie F. Adler
Printed Name of Notary Public

3279C:\DOCS\ALL30043\APM4.NSS

COPY

National
SCAVENGER SERVICE, INC.
1700 W. Carroll St., Chicago, IL 60612
Phone (312) 226-8878

The following is a list of landfills at which National has disposed of significant amounts of waste at one time or another.

All of these sites were or are permitted to accept waste by the Illinois EPA or other governing body.

It is my concern that the use of any of these sites may cause National to be listed as a potentially responsible party if these sites are required at some time to do remediation.

Gary Development
479 N Cline
P O Box 6056
Gary IN 46406

REDACTED

National
SCAVENGER SERVICE, INC.
1700 W. Carroll St., Chicago, IL 60612
Phone (312) 226-8878

REDACTED

STOCK EXCHANGE BETWEEN

PETER LANING SONS, INC.

BY

ALLIED WASTE INDUSTRIES, INC.
NATIONAL SCAVENGER SERVICE, INC.

MAY 27, 1992

STOCK EXCHANGE AGREEMENT

Among

NATIONAL SCAVENGER SERVICE, INC.,

ALLIED WASTE INDUSTRIES, INC.

and

THE SHAREHOLDERS OF

PETER LANING SONS, INC.

May 27, 1992

STOCK EXCHANGE AGREEMENT

This STOCK EXCHANGE AGREEMENT (the "Agreement"), is made and entered into this 27 day of May, 1992, by and among NATIONAL SCAVENGER SERVICE, INC., an Illinois
corporation ("Buyer"), ALLIED WASTE INDUSTRIES, INC., a Delaware corporation and the parent corporation of Buyer ("Parent"), and the holders of 100% of the outstanding shares of common stock, no par value per share, of Peter Laning Sons, Inc., an Illinois corporation (the "Company") identified on the signature pages of this Agreement (collectively, the "Shareholders").

WHEREAS, the Shareholders of Company have approved an exchange of shares (the "Exchange"), pursuant to the terms and subject to the conditions of this Agreement, whereby each issued and outstanding share of common stock, no par value per share, of Company ("Company Common Stock") will be exchanged for shares of common stock, par value $.01 per share, of Parent ("Parent Common Stock") which is intended to comply with the provisions of Section 368(a)(1)(B) of the Internal Revenue Code, as amended; and

WHEREAS, Buyer and the Shareholders desire to make certain representations, warranties and agreements in connection with the Exchange;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree to effect the exchange on the terms and subject to the conditions herein described and further agree as follows:

ARTICLE I

THE EXCHANGE

1.1 *Exchange of Stock.* Subject to the terms and conditions of this Agreement, on the Closing Date (as defined in Section 5.1) the Shareholders will exchange the Company Common Stock for Parent Common Stock.

1.2 *Exchange Formula.* (a) The issued and outstanding shares of Company Common Stock shall be exchanged for an aggregate number of shares of Parent Common Stock determined by using the following formula:

$$\frac{x - z}{B} = A$$

where x equals $1,293,750; z equals the aggregate amount of Closing Date Indebtedness (defined below); B equals 4, which amount shall be subject to any Recapitalization Event (defined below) occurring prior to the Closing Date (the "Market Price"); and A equals the aggregate number of shares of Parent Common Stock to be issued to the Shareholders on a pro-rata basis to be

determined by multiplying A by the percentage of Company Common Stock held by each Shareholder as of the Closing Date and set forth on the attached Schedule 1.2; provided, however, that no fractional shares shall be issued to the Shareholders. In lieu thereof, the shares of Parent Common Stock issued to the Shareholders shall be rounded to the nearest whole number. As used herein, the term "Closing Date Indebtedness" shall mean the aggregate amount of long-term and short-term indebtedness of the Company represented by notes or loans payable to any bank, lending institution, the Shareholders and other persons, including payments remaining on capitalized or non-capitalized equipment leases, outstanding as of the Closing Date. At the Closing, the Shareholders shall execute a certificate, in form attached hereto as Exhibit 1.2, as to the aggregate amounts of Closing Date Indebtedness, accounts payable of the Company and Eligible Receivables of the Company to be reviewed by Buyer, which certificate shall be reasonably acceptable to Buyer.

(b) For purposes hereof, the term "Recapitalization Event" shall refer to any subdivision or combination of Parent Common Stock resulting from a stock division, reverse stock split or recapitalization involving the Parent Common Stock. For purposes of calculating the Market Price, in the case of a "one-for-two" reverse split of the Parent Common Stock, the Market Price shall be multiplied by a factor of two, reflecting the Recapitalization Event.

(c) For purposes hereof, the term "Eligible Receivables" shall refer to (i) 100% of the accounts receivable of the Company up to 60 days from the date of original invoice and (ii) 80% of the accounts receivable of the Company between 61 and 90 days from the date of original invoice, all as set forth on Schedule 3.20.

1.3 *Return of Shares*. (a) The certificates representing the shares of Parent Common Stock issued to each of the Shareholders shall bear restrictive legends, evidencing the fact that they are issued to such Shareholder subject to the terms and conditions set forth in this Agreement. Buyer and the Shareholders hereby agree that the average monthly gross revenue of the Company ("Monthly Revenues") for the three calendar months following the month in which the Closing Date occurs ("Return Period") shall equal or exceed $100,000 (the "Goal Revenues"). If the Monthly Revenues during the Return Period should be less than the Goal Revenues by an amount greater than the Permissible Deviation (defined below), the Shareholders will return to Buyer that number of shares of Parent Common Stock to be determined in accordance with the following formula:

$$\frac{\$\,X - [(a + b + c) \div 3] \times 15}{B} = A$$

where X equals $100,000; a, b and c equal the Monthly Revenues for each of the calendar months during the Return Period; B equals the Market Price as defined in Section 1.2(a) above; and A equals the aggregate number of shares of Parent Common Stock to be returned by Shareholders to Buyer ("Returnable Shares"). For purposes hereof, the term "Permissible Deviation" shall mean 3% of the Goal Revenues.

(b) Within 30 days after the Return Period, Buyer shall calculate the Monthly Revenues during the Return Period and determine the number of Returnable Shares. Buyer shall notify the Shareholders within 15 days after the determination of the number of Returnable Shares; after which, the Shareholders shall have 10 days to return the Returnable Shares to Buyer on a pro-rata basis to be determined by multiplying the Returnable Shares by the percentage of Company Common Stock held by each Shareholder as of the Closing Date and set forth on the attached Schedule 1.2; provided, however, that no fractional shares shall be returned to Buyer. In lieu thereof, the Shareholders shall return only shares of Parent Common Stock rounded to the nearest whole number.

(c) Notwithstanding the foregoing, the failure of Monthly Revenues during the Return Period to equal the Goal Revenues shall not require a return of Parent Common Stock pursuant to this Section 1.3 to the extent that the failure is caused by loss of any customer account during the Return Period due to a price increase by Buyer to such customer account.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent, jointly and severally, represent and warrant to the Shareholders as follows:

2.1 *Organization and Standing*. Buyer and Parent are corporations duly organized, validly existing and in good standing under the laws of their states of incorporation or organization and have all requisite corporate power and authority to own, lease and operate their properties and to carry on their businesses as they are now being conducted.

2.2 *Authority*. Buyer and Parent have all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action of the part of Buyer and Parent. This Agreement has been executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer and Parent enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with or result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Buyer, Parent or any Subsidiary is subject or by which Buyer, Parent or any Subsidiary is bound, the effect of which would be materially adverse to Buyer, Parent and their Subsidiaries taken as a whole. Neither Buyer, Parent nor any Subsidiary is in violation of any

applicable law, statute, order, rule or regulation promulgated or judgment entered by any court, administrative agency or commission or other governmental agency or instrumentality, domestic or foreign (a "Governmental Entity"), relating to or affecting the operation, conduct or ownership of the property or business of Buyer, Parent or any Subsidiary, which violation or violations might have a material, adverse effect, individually or in the aggregate, on the financial condition, assets, business, properties or prospects of Buyer, Parent and their Subsidiaries taken as a whole.

2.3 *Approvals.* Except as referred to herein and except for compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act"), the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act") and the securities or blue sky laws of various states, there is no legal impediment to the execution and delivery of this Agreement by Buyer and Parent or to the consummation of the transactions contemplated hereby, and no filing or registration with, or authorization, consent or approval of, a Governmental Entity is necessary for the consummation by Buyer and Parent of the transactions contemplated hereby, other than such as may be required solely because Company is a party to the Exchange or other than such which, if not made or obtained, would not, in the aggregate, have a material, adverse effect on Buyer, Parent and their Subsidiaries taken as a whole.

2.4 *SEC Documents.* Buyer has provided to Company a true, complete and correct copy of Parent's Form 10-K for the fiscal year ended December 31, 1991, as filed with the Securities and Exchange Commission ("SEC") on March 31, 1992, (as such document has since the time of its filing been amended, the "Parent SEC Document"). As of its date, the Parent SEC Document complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and Parent SEC Document contained no untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Parent included in the Parent SEC Document have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved and fairly present the consolidated financial position of Parent and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

2.5 *Post Closing Activities.* Buyer and Parent will, during the Return Period, conduct its their business and operations in a manner reasonably calculated to preserve and maintain the customer accounts of the Company and will use their best efforts to preserve the Monthly Revenues.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

The Shareholders hereby, jointly and severally, represent and warrant to Buyer and Parent as follows:

3.1 *Organization, Standing and Qualification.* The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted. Schedule 3.1 sets forth a true, complete and correct list of each jurisdiction, foreign or domestic, in which Company (a) owns or leases property, has employees or otherwise conducts operations and/or (b) is duly qualified or licensed to do business as a foreign corporation. Company is licensed and qualified to do business as a foreign corporation in each jurisdiction in which the character of Company's properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified does not have a material, adverse effect on Company and its Subsidiaries.

3.2 *Subsidiaries.* (a) Schedule 3.2 sets forth a true, complete and correct list of each Subsidiary of Company. Each Subsidiary of Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted and is duly qualified or licensed to do business in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified does not have a material, adverse effect on Company and its Subsidiaries. Except as set forth in Schedule 3.2, all outstanding shares of capital stock of each Subsidiary of Company are validly issued and are fully paid, nonassessable and owned by Company or a Subsidiary of Company, free and clear of all Encumbrances (defined below). Except as set forth in Schedule 3.2, there are no voting trusts, proxies, voting agreements or similar understandings applicable to such shares and there are no options, warrants or other rights, agreements or commitments obligating Company or any of its Subsidiaries to issue, to sell or to transfer any shares of capital stock or other securities of any Subsidiary of Company. As used in this Agreement, the term "Encumbrance" means and includes (i) any security interest, mortgage, deed of trust, lien, charge, pledge, adverse claim, equity, power of attorney, or restriction of any kind, including but not limited to, any restriction or servitude on the use, transfer, receipt of income, or other exercise of any attributes of ownership, and (ii) any Uniform Commercial Code financing statement or other public filing, notice, or record that by its terms purports to evidence or notify interested parties of any of the matters referred to in clause (i) that has not been terminated or released by another proper public filing, notice or record.

(b) As used in this Agreement, the word "Subsidiary" means any corporation or other organization, whether incorporated or unincorporated, of which such party or any other

Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or as to which at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries.

3.3 *Authority*. Each of the Shareholders has full legal right and capacity to enter into this Agreement and to consummate the transactions contemplated thereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes the legal, valid and binding obligation of the Shareholders, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.4 *No Violation*. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement will not, conflict with, result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, license, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Company or any Subsidiary is subject or by which Company or any Subsidiary is bound, the effect of which would be materially adverse to Company and its Subsidiaries taken as a whole. Except as set forth in Schedule 3.4, neither the Company nor any of its Subsidiaries is in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any Governmental Entity relating to or affecting the operation, conduct or ownership of the property or business of Company or any Subsidiary.

3.5 *Capitalization*. The authorized capital stock of Company consists solely of 100,000 shares of Company Common Stock, of which 74 shares are outstanding. All outstanding shares of Company capital stock are validly issued, fully paid and nonassessable and not subject to preemptive rights. No shares of Company capital stock are held in treasury by Company or any of its Subsidiaries. No bonds, debentures, notes or other indebtedness having the right to vote (or convertible into securities having the right to vote) on any matters on which stockholders may voteb ("Voting Debt"), are issued or outstanding. Schedule 3.5 sets forth a true, complete and correct list of all options, warrants, calls, rights, claims, commitments or agreements to which Company or any of its Subsidiaries or by which any of them is bound, obligating Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or any Voting Debt of Company or its Subsidiaries or obligating Company or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, right or agreement. As of the Closing Date, there will be no such option, warrant, call, right or agreement obligating Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or any Voting

Debt of Company or its Subsidiaries, or obligating Company or its Subsidiaries to grant, extend or enter into any such option, warrant, call, right or agreement. Except as set forth in Schedule 3.5, there are no agreements obligating Company or any of its Subsidiaries to redeem, repurchase or otherwise acquire the capital stock of Company or its Subsidiaries or any other securities issued by them, or register the sale of the capital stock of Company or any of its Subsidiaries under applicable securities laws. Except as set forth in Schedule 3.5, there are no agreements or arrangements prohibiting or otherwise restricting the payment of dividends or distributions to stockholders by Company and/or any of its Subsidiaries.

3.6 *Approvals.* No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Company or its Subsidiaries in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for appropriate notices required to be filed with the Secretary of State of the State of Illinois and appropriate documents with the relevant authorities of other states in which Company owns or leases property, conducts operations or is licensed or qualified to do business as a foreign corporation.

3.7 *Financial Statements.* Company has furnished to Buyer true, complete and correct copies of the Company's unaudited consolidated balance sheets and income statements at December 31, 1991 and December 31, 1990, and before Closing will furnish a consolidated balance sheet as of March 31, 1992, and income statements for the 3-month period ended March 31, 1992 (referred to herein as the "Company Financials"). As of their respective dates, the Company Financials did not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company Financials are in accordance with the books and records of Company and its consolidated Subsidiaries have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be limited by the accountant's cover letter attached to the Company Financials) and fairly present (subject, in the case of unaudited financial statements, to normal recurring audit adjustments) the consolidated financial position of Company and its consolidated Subsidiaries as at the date thereof and the consolidated results of operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

3.8 *Liabilities.* Neither Company nor any of its Subsidiaries has any liabilities or obligations, either accrued, absolute, contingent, or otherwise, or has any knowledge of any potential liabilities or obligations, which would have a material, adverse affect on the value or the conduct of the business of Company and its Subsidiaries, other than those (a) reflected or reserved against in the unaudited consolidated balance sheet of Company at March 31, 1992, (b) incurred in the ordinary course of business since March 31, 1992 (c) set forth in Schedule 3.8 hereto or (d) those under contracts disclosed to Buyer in this Agreement or the Schedules hereto or which, because of the limited amount and duration thereof, are not required to be so disclosed.

3.9 *Additional Information.* Attached as Schedule 3.9 are true, complete and correct lists of the following items:

(a) *Real Property.* All real property and structures thereon owned, leased or subject to a contract of purchase and sale or option agreement, or lease commitment, by Company and/or its Subsidiaries, or in which Company and/or its Subsidiaries has any other interest with a description of (i) the use to which such real property is put and (ii) the nature and amount of any Encumbrances thereon;

(b) *Machinery and Equipment.* All machinery, transportation equipment, tools, equipment, furnishings, and fixtures (excluding such items that had a cost basis of $1,000 or less at their respective dates of acquisition by Company) owned, leased or subject to a contract of purchase and sale or lease commitment, by Company with a description with respect to each such item of: (i) the serial number of such item; (ii) the location at which such item is kept; (iii) whether such item is owned or leased; (iv) if owned, a description of the nature and amount of any Encumbrances thereon; and (v) if leased, the name of the lessor and a true, complete and correct copy of any written agreement pursuant to which such item is leased;

(c) *Payables.* All accounts and notes payable of Company and/or its Subsidiaries as of a date not more than three days prior to the Closing Date, together with an appropriate aging schedule; and

(d) *Contracts.* All contracts, agreements and commitments of Company and/or its Subsidiaries as of a date not more than three days prior to the Closing Date, whether or not made in the ordinary course of business, including leases under which Company and/or its Subsidiaries is lessor or lessee, which are to be performed in whole or in part after the Closing Date, and which (i) involve or may involve aggregate payments by or to Company and/or its Subsidiaries of $1,000 or more after the Closing Date, (ii) are not terminable by Company and/or its Subsidiaries without premium or penalty on 30 (or fewer) days' notice, (iii) purport to prohibit or restrict the activities of Company and/or its Subsidiaries, or the ability of Company and/or its Subsidiaries to compete in any line of business or with any person, (iv) purport to prohibit or restrict the business activities of another person or another person's ability to be in the line of business or with Company and/or any of its Subsidiaries or (v) are otherwise material to the business or properties of Company and/or its Subsidiaries. All such agreements are legal, valid and binding obligations of Company and/or its Subsidiaries, as the case may be, enforceable in accordance with their terms, subject to bankruptcy, insolvency, moratorium or other similar law affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.10 *No Undisclosed Defaults.* Except as set forth in Schedule 3.10 or Schedule 3.9, neither Company nor any of its Subsidiaries is a party to, or bound by, any contract or

arrangement of any kind to be performed after the Closing Date, or is in default with respect to any obligation or covenant on its part to be performed under any obligation, lease, contract, plan or other arrangement, which default would have a material adverse effect upon the Company and its Subsidiaries, taken as a whole.

3.11 *Litigation.* Except as set forth in Schedule 3.11, there is no suit, action, proceeding or investigation pending or, to the knowledge of the Shareholders, Company or its Subsidiaries, threatened against or affecting Company or any of its Subsidiaries (or any of their respective officers or directors in connection with the business of Company or any of its Subsidiaries), nor is there any outstanding judgment, order, writ, injunction or decree against Company or any of its Subsidiaries. Neither the Shareholders, Company nor any of its Subsidiaries is aware of any facts which might reasonably be believed to be a basis for any action, suit or proceeding against Company or any of its Subsidiaries. Neither Company nor any of its Subsidiaries are subject to any court order, writ, injunction, decree, settlement agreement or judgment that contains or orders any on-going obligations, whether prohibitory or mandatory in nature, on the part of Company and/or its Subsidiaries.

3.12 *Absence of Certain Changes.* Except as disclosed in the unaudited consolidated balance sheet of Company and its Subsidiaries at March 31, 1992, or the related consolidated statement of operations for the period then ended (collectively, the "Company 1992 Financials"), or as set forth in Schedule 3.12, since the date of the Company 1992 Financials, Company and its Subsidiaries have conducted their respective businesses only in the ordinary and usual course, and none of the following have occurred or arisen:

(a) any material, adverse change in the assets, liabilities, capitalization or working capital of Company or Company and its Subsidiaries taken as a whole, or in the financial condition, business, prospects or results of operations of Company or Company and its Subsidiaries taken as a whole;

(b) any loss or damage to any of the properties of Company and its Subsidiaries (whether or not covered by insurance) which materially impairs the ability of Company or Company and its Subsidiaries taken as a whole to conduct their business;

(c) any obligation or liability, contingent or otherwise, except normal trade or business obligations incurred in the ordinary course of business;

(d) the creation of any Encumbrance on any of the assets of Company or any of its Subsidiaries or the amendment, modification or extension of any existing Encumbrance on any such asset, except for unrecorded mechanic's liens, broker's liens and liens for current taxes and assessments not yet due which, in the aggregate, would not have a material adverse effect upon the Company and its Subsidiaries taken as a whole;

(e) any sale, assignment, transfer, conveyance, lease, hypothecation, abandonment, or other disposition of or agreement to sell, assign, transfer, convey, lease, hypothecate, or otherwise dispose of, any of the assets of Company or any of its Subsidiaries, other than inventory sold in the ordinary course of business at then prevailing market prices or any assets which are scrapped as obsolete in conformance with customary procedure;

(f) any waiver or release of any rights, including the cancellation of any debt or accounts receivable, whether or not in the ordinary course of business;

(g) settlement of a claim, lawsuit, or proceeding at law or in equity involving (i) any payment by Company or any of its Subsidiaries of any amount over $1,000, individually or in the aggregate, (ii) any stipulation of fact or admission of liability or (iii) any obligation of Company and/or its Subsidiaries of any continuing nature;

(h) the execution, delivery or performance of any agreement with (i) the Shareholders, (ii) any of the officers, directors, stockholders, or employees of Company or any of its Subsidiaries, or (iii) any affiliates thereof;

(i) any labor dispute or attempt to organize any of the employees of Company or any of its Subsidiaries;

(j) any increase in the compensation, rate of compensation, or compensation payable or to become payable to any of the officers, directors, employees, consultants, or agents of Company or any of its Subsidiaries, other than raises or increases in compensation consistent with prior policy which are not in excess of 5% of the individual's annual compensation or information, as the case may be;

(k) any change in any bonus, profit-sharing, pension, stock option, retirement or other similar plan, agreement or arrangement;

(l) the adoption of any new bonus, profit-sharing, pension and stock option, retirement, group life or health insurance, or other similar plan, agreement or arrangement;

(m) any accrual, arrangement for, or payment of, any bonus or severance or termination pay to any present or former officer, director or salaried employee;

(n) any transaction, or any agreement, contract, or commitment involving the assets of Company or any of its Subsidiaries, other than in the ordinary course of business;

(o) any amendment, modification, or cancellation of any contract, agreement, license, or arrangement to which Company and/or its Subsidiaries is a party or to which any of their properties or assets are subject;

(p) any condemnation or taking of any asset or property of Company or any of its Subsidiaries, or any pending or threatened condemnation or taking of any asset or property of Company or any of its Subsidiaries;

(q) any change in the charter or bylaws of Company or any of its Subsidiaries or in the number of outstanding shares of the authorized capital stock of Company or any of its Subsidiaries;

(r) any issuance of capital stock or evidence of indebtedness or other securities, or the grant of any options, warrants or other rights to purchase or convert any obligation into capital stock or any evidence of indebtedness or other securities of Company or any of its Subsidiaries;

(s) any declaration, setting aside for payment or payment of any dividend or other distribution with respect of any capital stock or other securities of Company or any of its Subsidiaries, or any direct or indirect redemption, purchase or other acquisition of any such stock or security;

(t) any loss, cancellation, termination, amendment or modification of any material lease to which Company and/or its Subsidiaries is a party;

(u) any failure to pay when due any lease obligation, obligation for borrowed money, or material account payable or any default in respect to any other material contractual obligation to which Company and/or its Subsidiaries is subject;

(v) any borrowing or agreement to borrow funds from any person or any guaranty of payment or performance with respect to any such arrangement;

(w) any loan or advance of funds to the Shareholders, or any of them, or to the officers, directors or employees of Company and/or any of its Subsidiaries or any of their affiliates, except for loans or advances made to employees in accordance with the customary business practices for the purpose of defraying ordinary and necessary business expenses incurred by such employees in the usual course and scope of their employment;

(x) capital expenditures exceeding $10,000 in the aggregate;

(y) any amendment or restatement of any of the Company Financial Statements;

(z) any other event which would have a material, adverse effect on the assets, liabilities, business, prospects, operations or financial condition of Company or Company and its Subsidiaries taken as a whole.

3.13 *Licenses, Permits, Authorizations, Etc.* Schedule 3.13 sets forth a true, complete and correct list of all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of all governmental agencies, whether federal, state or local, domestic or foreign, held by Company or its Subsidiaries. The Company and its Subsidiaries have obtained all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of any type required to operate their businesses as presently conducted, unless the failure to obtain such permits would not have a material adverse effect upon the Company and its Subsidiaries, taken as a whole. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any revocation, cancellation, suspension or modification of any such approval, authorization, consent, license, order, franchise, right, registration or permit.

3.14 *Title to Assets; Encumbrances.* (a) Except as set forth in Schedule 3.14, Company and its Subsidiaries have good and marketable title to their assets, whether real, personal or intangible, including, without limitation, the assets reflected in the Company 1992 Financials, except assets since sold or otherwise disposed of in the ordinary course of business, free and clear of all Encumbrances except (i) as reflected in the Company 1992 Financials (ii) liens for current taxes and assessments not yet due or being contested in good faith by appropriate proceedings, and (iii) unrecorded mechanic's liens and broker's liens which, in the aggregate, would not have a material adverse effect upon the Company and its Subsidiaries, taken as a whole;

(b) There are no parties in possession of any of the assets of Company or any of its Subsidiaries other than Company or its Subsidiaries. Company and its Subsidiaries enjoy, and full, free and exclusive use and quiet enjoyment of their assets and their rights pertaining thereto. Company and its Subsidiaries enjoy peaceful and undisturbed possession under all leases under which they are lessees, and all such leases are legal, valid and binding obligations of Company or its Subsidiaries, enforceable against Company or its Subsidiaries, as the case may be, in accordance with their respective terms.

3.15 *Taxes and Returns.* Company and its Subsidiaries have filed all tax returns and reports required to be filed by them. Company and its Subsidiaries have paid all taxes, assessments and governmental charges and penalties which they have incurred, except such as are being contested in good faith by appropriate proceedings. The Company 1992 Financials reflect an adequate accrual, based on the facts and circumstances existing as of the date thereof, for all taxes payable by Company and its Subsidiaries (whether or not shown in any return) through the date thereof. Neither Company nor any Subsidiary is delinquent in the payment of any tax, assessment or governmental charge. No deficiencies for any taxes have been proposed, asserted, or assessed against Company or any of its Subsidiaries, and no requests for waivers of the time to assess any such tax are pending. Attached to Schedule 3.15 are true, complete

and correct copies of all tax returns and reports filed by Company or its Subsidiaries since January 1, 1988. For the purposes of this Agreement, the term "tax" (including, with correlative meaning, the terms "taxes" and "taxable") shall include all federal, state, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, withholding, excise and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts.

3.16 *Employee Benefit Plans.* (a) Schedule 3.16 sets forth with respect to Company and its Subsidiaries a true, complete and correct list of all bonus, incentive compensation, profit-sharing, retirement, pension, group insurance, death benefit, or other employee welfare or fringe benefit plans of Company or its Subsidiaries, together with copies of any reports or analyses prepared with respect to such plans, arrangements or trust agreements since January 1, 1988, whether or not such reports or analyses were filed with any Governmental agency.

(b) Neither Company nor any of its Subsidiaries currently sponsors, maintains, or contributes to, nor has either Company or any of its Subsidiaries at any time sponsored, maintained, or contributed to, any employee benefit plan which is or was subject to any of the provisions of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in which any of their employees are or were participants (whether or not on an active or frozen basis).

3.17 *Employment Agreements.* Attached hereto as Schedule 3.17 are true, complete and correct copies of all written employment or consulting agreements to which Company or any of its Subsidiaries is a party or by which Company or any of its Subsidiaries is bound. Except as set forth in Schedule 3.17, neither Company nor any of its Subsidiaries is a party to, or has any liability or obligation under, any oral or written employment or consulting agreement with any person or any other arrangement which provides for the payment of any consideration by Company or such Subsidiary (or Buyer) to such person as a result of the termination of such person's employment with Company or any Subsidiary on the consummation of the transactions contemplated hereby.

3.18 *Employment Practices.* There are no labor or employment disputes or controversies pending, or, to the knowledge of the Shareholders, threatened against Company or any of its Subsidiaries or their respective employees or any party or parties representing Company or any of its Subsidiaries. Company and its Subsidiaries have complied with the Occupational Safety and Health Act and have complied with all other laws relating to the employment of labor including, without limitation, laws relating to equal employment opportunity and employment discrimination, employment of illegal aliens, wages, hours and collective bargaining. Notwithstanding anything herein to the contrary, Company and each of its Subsidiaries have complied with all laws relating to the collection and payment of social security and withholding taxes, or both, and similar taxes. Neither Company nor any of its Subsidiaries is liable for any arrearage of wages or any taxes or penalties for failure to comply with any of the foregoing. There are no organizational efforts presently being made or

threatened by or on behalf of any labor union with respect to any employees of Company or any of its Subsidiaries.

3.19 *Insurance.* Schedule 3.19 sets forth a true, complete and correct list of all policies of property, fire and casualty, product liability, worker's compensation, professional liability and title insurance and other forms of insurance except group, health and life policies described in Schedule 3.16, under which Company or any of its Subsidiaries is insured. Schedule 3.19 also sets forth a true, complete and correct list and description of any bonds issued or posted by any person which respect to any operations or other activities of Company or any of its Subsidiaries. Attached to Schedule 3.19 are true, complete and correct copies of all agreements, contracts, commitments, plans, leases, policies, instruments and other documents respecting the matters discussed in this Section 3.19. Each of the policies and bonds listed on Schedule 3.19 is the legal, valid and binding obligation of the insurer or bond issuer, enforceable in accordance with its terms as to which no termination or non-renewal notice has been received, and is in an amount and provides for coverage as is customary in the solid waste collection, transportation and disposal industry.

3.20 *Accounts Receivable.* Schedule 3.20 sets forth a true, complete and correct list of all accounts and notes receivable of Company and its Subsidiaries as of May 31, 1992, in an aged receivables format, which list separately states all amounts receivable from any director, officer, employee, or agent of Company or any of its Subsidiaries, from any Shareholder or from any of their respective affiliates. Except as set forth in Schedule 3.20, all accounts and notes receivable of Company and its Subsidiaries reflected in Schedule 3.20 are properly earned and recognized in accordance with generally accepted accounting procedures and are the valid, legal and binding obligations of their respective debtors, not subject to any right of set-off, each evidenced by written contracts.

3.21 *Condition of Assets.* Except as set forth in Schedule 3.21, the buildings, structures, equipment and other tangible assets of Company and its Subsidiaries are in good condition and repair, ordinary wear and tear excepted, and are adequate for the uses as to which they are being put. The buildings, structures, equipment and other tangible assets of Company and its Subsidiaries are sufficient for the continued conduct of their business after the Closing Date in the same manner as it was conducted prior to the Closing Date. Except as set forth in Schedule 3.21, the maintenance, operation, use or occupancy by Company and its Subsidiaries of any real property or tangible personal property does not violate any zoning, building, health, environmental, fire, safety or similar law or ordinance, order or regulation of any Governmental Entity or the certificate or certificates of occupancy issued or to be issued by any Governmental Entity for such real property.

3.22 *Compliance with Law.* Except as set forth in Schedule 3.22, Company and its Subsidiaries are in compliance with and are not in violation of or in default with respect to, or in alleged violation of or alleged default with respect to, any applicable law, rule, regulation or statute applicable to the operations of Company or its Subsidiaries, or any order, permit, certificate, writ, judgment, injunction, decree, determination, award or other decision of any

court or any Governmental Entity to which Company or its Subsidiaries is a party or by which Company or its Subsidiaries is bound. Neither Company nor any of its Subsidiaries is delinquent with respect to (a) any report required to be filed with any Governmental Entity or (b) the preparation and delivery of any reports required by private agreements to which either Company or any of its Subsidiaries is a party.

3.23 *Hazardous Wastes and Substances*. Except as set forth in Schedule 3.23, neither the operations of Company or its Subsidiaries nor the use of their assets violates any applicable federal, state or local law, statute, ordinance, rule, regulation, memorandum of understanding, order or notice requirement pertaining to the collection, transportation, storage, treatment, discharge, release or disposal of hazardous or non-hazardous waste or substances, including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 *et seq.*), as amended from time to time ("CERCLA") (including, without limitation, as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and such regulations promulgated under CERCLA, (ii) the Resources Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 *et seq.*), as amended from time to time ("RCRA"), and such regulations promulgated under RCRA, (iii) any applicable federal, state or local laws or regulations relating to the environment (collectively, the "Applicable Environmental Laws"). Except as set forth in Schedule 3.23, none of the operations of Company or any of its Subsidiaries has ever been conducted nor have any of their assets been used in such a manner as to constitute a violation of any of the Applicable Environmental Laws. Except as set forth in Schedule 3.23, no notice has been served on Company or any of its Subsidiaries or the Shareholders, by any person or Governmental Entity regarding any existing, pending or threatened investigation or inquiry related to violations under any Applicable Environmental Law, or regarding any claims for corrective action, remedial obligations or contribution for removal costs or damages under any Applicable Environmental Law or regarding the designation of Company, any of its Subsidiaries, the Shareholders or any of their affiliates as a potentially responsible party for any facility under the Applicable Environmental Laws, nor, to the knowledge of the Shareholders, Company and its Subsidiaries, does any fact or circumstance exist which, if disclosed publicly, would be reasonably likely to result in the service on Company or any of its Subsidiaries or the Shareholders, of any such notice. Except as set forth in Schedule 3.23, neither the Shareholders, Company nor any of its Subsidiaries knows of any reason Buyer would be required to obtain permits, licenses or similar authorization pursuant to any Applicable Environmental Law in effect as of the date of this Agreement to operate and use any of Company's assets for their current purposes and uses. Neither the Shareholders, Company nor any of its Subsidiaries knows of any action taken, or omitted to be taken by Company or any of its Subsidiaries which has caused, or would be reasonably likely to cause, a "release" of any "hazardous substance" at any "facility", without limitation, within the meaning of such terms as defined in the Applicable Environmental Laws.

3.24 *Underground Storage Tanks*. Except as set forth in Schedule 3.24, there are not, nor have there ever been, (i) any underground storage tanks ("USTs") located at, on or under any real property owned or leased, or previously owned or leased by the Company, or (ii) any underground pipes located at, on or under any real property owned or leased, or previously

owned or leased by the Company, connected (or previously connected) to any USTs, wherever located. Except as set forth in Schedule 3.24, the Company has never owned, leased or operated, or permitted the installation of, any USTs at, on or under any real property owned or leased, or previously owned or leased by the Company.

3.25 *Transactions with Management.* Except as set forth in Schedule 3.25, neither Company nor any of its Subsidiaries is party to any contract, lease or commitment with any of its officers, directors, employees, or agents, or with any of the Shareholders, or with any affiliate of any such person. None of the officers, directors, employees of Company or any of its Subsidiaries or the Shareholders owns, leases or licenses to any interest in any asset used by Company or any of its Subsidiaries in its business, other than solely by and through ownership of the capital stock of Company.

3.26 *Assumed Names.* Except as set forth in Schedule 3.26, neither Company nor any of its Subsidiaries engages in or conducts any business under any assumed or fictitious name.

3.27 *Personnel.* Schedule 3.27 sets forth a true, complete and correct list, with respect to Company and each of its Subsidiaries, of the following information: (A) the name, current salary or wage rate of each employee; (B) the last raise date and amount of any raise received by each employee; (C) the current bonus arrangements applicable to each employee; (D) the last bonus date and the amount of bonus awarded to each employee; (E) any other material compensation arrangements (excluding employee insurance or benefit plans described in Schedule 3.16) with each employee; and (F) a description of any licenses held by an employee which are germane to the business of Company or its Subsidiaries.

3.28 *Bank Accounts and Powers of Attorney.* Schedule 3.28 sets forth a true, complete and correct list of the names and addresses of each bank or other financial institution in which Company or its Subsidiaries has an account or safe deposit box, the account number, the account name and type of account, the names of all persons authorized to draw thereon and have access thereto, and the name of all persons, if any, holding powers of attorney to act for Company or its Subsidiaries. Schedule 3.28 further sets forth a true, complete and correct list of the names and addresses of all persons, other than officers and full-time employees, authorized to bind Company or any of its Subsidiaries contractually, including, without limitation, independent marketing agents or independent contractors.

3.29 *Books and Records.* All the books, records, minute books and work papers of Company and its Subsidiaries have been delivered to or will be made available for inspection by the Buyer on or before the Closing Date. Such books, records, minute books or workpapers represent all of the records of Company and its Subsidiaries relating to the conduct of their business, are true and correct in all respects, and have been maintained in a manner consistent with standard industry practice and applicable laws and regulations.

3.30 *Information Supplied.* No written statement, certificate, schedule, list or other written information furnished by or on behalf of Company or any Subsidiary to Buyer prior to the date hereof in connection herewith contains (after giving effect to any correction thereof furnished to Buyer in writing prior to the date hereof), any untrue statement of a material fact or omits or will omit to state a material fact required to be stated therein or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IV

OBLIGATIONS PENDING CLOSING DATE

4.1 *Agreements of Buyer, Parent and Shareholders.* Buyer, Parent and each of the Shareholders agrees that from the date hereof to the Closing Date, Buyer and Parent will and the Shareholders shall cause the Company to:

(a) *Maintenance of Present Business.* Except as contemplated by this Agreement or as set forth in Schedule 4.1, use its best efforts to operate its business only in the usual, regular, and ordinary manner so as to maintain the goodwill it now enjoys and, to the extent consistent with such operation, use all reasonable efforts to preserve intact its present business organization, keep available the services of its present officers and employees, and preserve its relationship with customers, suppliers, jobbers, distributors, and others having business dealings with it.

(b) *Maintenance of Properties.* At its expense, use its best efforts to maintain all of its property and assets in customary repair, order, and condition, reasonable wear and use and damage by fire or unavoidable casualty excepted.

(c) *Maintenance of Books and Records.* Maintain its books of account and records in the usual, regular, and ordinary manner, in accordance with generally accepted accounting principles applied on a consistent basis.

(d) *Compliance with Law.* Use its best efforts to duly comply in all material respects with all laws applicable to it and to the conduct of its business.

(e) *Inspection of Buyer and of Company.* Grant to the other parties hereto, and their officers and authorized representatives the right, during normal business hours, to

inspect its records and to consult with its officers, employees, attorneys, and agents for the purpose of determining the accuracy of the representations and warranties hereinabove made and the compliance with covenants contained in this Agreement. Buyer and each of the Shareholders agree that it and its officers and representatives shall hold all data and information obtained with respect to the other parties hereto in the same degree of confidence as it maintains with respect to similar information concerning itself, and each further agrees that it will not use such data or information or disclose the same to others, except to the extent such data or information either is, or becomes, published or a matter of public knowledge.

4.2 *Additional Agreements of the Shareholders:* Each of the Shareholders agrees that from the date hereof to the Closing Date, they will cause the Company to:

(a) *Prohibition of Certain Employment Contracts.* Not enter into any contracts of employment which cannot be terminated on notice of 30 days or less or which provide for any severance payments or benefits covering a period beyond the earlier of the termination date or notice thereof.

(b) *Prohibition of Loans.* Not incur any borrowings, except in the usual and ordinary course of business, without the prior written consent of Buyer.

(c) *Prohibition of Certain Commitments.* Not enter into a commitment for capital expenditures or incur any liability exceeding $10,000, in the aggregate, except (i) as may be necessary for the maintenance of existing facilities, machinery and equipment in good operating condition and repair in the ordinary course of business or (ii) as is otherwise agreed to in writing by Buyer.

(d) *Disposal of Assets.* Not sell, dispose of, or encumber, any property or assets, except (i) in the usual and ordinary course of business; or (ii) as may be approved in writing by Buyer.

(e) *Maintenance of Insurance.* Maintain insurance upon all its properties and with respect to the conduct of its business of such kinds and in such amounts as is customary in the type of business in which it is engaged, but not less than that presently carried by it, which insurance may be added to from time to time in its discretion; *provided*, that if during the period from the date hereof to and including the Closing Date any of its property or assets are damaged or destroyed by fire or other casualty, the obligations of Buyer and the Shareholders under this Agreement shall not be affected thereby (subject, however, to the provision that the coverage limits of such policies are adequate in amount to cover the replacement value of such property or assets, less commercially reasonable deductible, if of material significance to the assets or operations of Company) but it shall promptly notify Buyer in writing thereof and proceed with the repair or restoration of such property or assets in such manner and to such extent as may be approved by Buyer, and upon the Closing Date all proceeds of insurance and claims of every kind arising as a result of any such damage or destruction shall remain the property of the Company.

(f) *Acquisition Proposals.* Not directly or indirectly (i) solicit, initiate or encourage any inquiries or Acquisition Proposals (defined below) at any time before termination of this Agreement from any person or (ii) participate in any discussions or negotiations regarding, furnish to any person other than Buyer or its representatives any information with respect to, or otherwise assist, facilitate or encourage any Acquisition Proposal by any other person. As used herein "Acquisition Proposal" means any proposal for a merger, consolidation or other business combination involving Company or for the acquisition or purchase of any equity interest in, or a material portion of the assets of, Company, other than the transactions with Buyer contemplated by this Agreement. The Shareholders shall promptly communicate to Buyer the terms of any such written Acquisition Proposals which they may receive or any written inquiries made to it or any of its directors, officers, representatives or agents.

(g) *No Amendment to Articles of Incorporation.* Not amend its Articles of Incorporation or merge or consolidate with or into any other corporation or change in any manner the rights of its common stock or the character of its business.

(h) *No Issuance, Sale, or Purchase of Securities.* Except as contemplated by this Agreement, neither the Shareholders nor the Company issue or sell, or issue options or rights to subscribe to, or enter into any contract or commitment to issue or sell (upon conversion or otherwise), any shares of its capital stock (except upon exercise of presently outstanding employee stock options), or subdivide or in any way reclassify any shares of its capital stock, or acquire, or agree to acquire, any shares of its capital stock.

(i) *Prohibition on Dividends.* Except as set forth in Schedule 4.1, not declare or pay any dividend on shares of its capital stock or make any other distribution of assets to the holders thereof.

(j) *Notice of Material Developments.* Promptly notify Buyer in writing of any material, adverse change in, or any changes which in the aggregate could result in a material, adverse change in, the business, properties, condition (financial or otherwise), results of operations or prospects of Company, whether or not occurring in the usual and ordinary course of its business.

(k) *Closing Date Indebtedness.* Not allow the aggregate amount of Closing Date Indebtedness, excluding trade accounts payable, to exceed $125,000.

4.3 *Additional Agreements of Buyer and Parent.* Each of Buyer and Parent agree that it will:

(a) *Corporate Approvals.* Call and hold a meeting of its board of directors for the purpose of authorizing this Agreement and the transactions contemplated hereby.

(b) *Notice of Material Developments.* Promptly furnish to the Company copies of all Buyer communications to its stockholders and all reports filed by it with the SEC, and

relating to periodic or other material developments concerning Buyer's financial condition, business, or affairs.

(c) *Current Report on Form 8-K.* Prepare and submit to Company for its review and approval prior to filing with the SEC, a Current Report on Form 8-K with regard to the transactions contemplated by this Agreement within 10 days after the Closing Date.

ARTICLE V

THE CLOSING

5.1 *Time and Place.* The closing of the Exchange ("Closing") is contemplated to occur at 10:00 a.m. on June 10, 1992, provided, however, that in no event shall the Closing occur later than July 31, 1992, at the offices of Hoogendoorn, Talbot, Davids, Godfrey & Milligan, 122 South Michigan Avenue, Suite 1220, Chicago, Illinois 60603, unless another time and place are agreed to by the parties.

5.2 *Conditions to the Obligations of Buyer Prior to Closing.* Prior to the Closing, the Shareholders shall deliver or cause to be delivered to Buyer the following:

(a) a certificate, dated the Closing Date and signed by each of the Shareholders, to the effect that the representations and warranties of the Shareholders herein contained shall be true in all respects as of and at the Closing Date with the same effect as though made at such date, except as affected by transactions permitted or contemplated by this Agreement and that there has been no material adverse change in the Company or its operations since the date of the Company Financials; the Shareholders shall have performed and complied with, or caused the Company to perform or comply with, all covenants required by this Agreement to be performed or complied with by them before the Closing Date;

(b) certificates of the Secretary of State of each relevant jurisdiction dated not more than ten days prior to the Closing Date, attesting to the organization and good standing of Company and each of its Subsidiaries as a corporation in its jurisdiction of incorporation;

(c) copies, certified by the Secretary of State of each relevant jurisdiction as of a date not more than ten days prior to the Closing Date of the articles or certificate of incorporation of Company and each of its Subsidiaries, and all amendments thereto;

(d) copies, certified by the Secretary of Company as of the Closing Date, of the bylaws of Company and each of its Subsidiaries, and all amendments thereto;

(e) a commitment, in form and substance satisfactory to Buyer, for an owners policy of title insurance on Illinois standard form written by a title insurance company satisfactory to Buyer, insuring the Company's fee simple title to all real property, if any, owned by Company or its Subsidiaries at the Closing Date, subject only to such exceptions as may be reasonably acceptable to Buyer;

(f) an investment letter, in substantially the form attached hereto as Exhibit 5.2(f), executed by each of the Shareholders;

(g) the written opinion of Hoogendoorn, Talbot, Davids, Godfrey & Milligan, counsel to Company, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.2(g);

(h) the Non-Competition Agreement in form attached hereto as Exhibit 5.2(h);

(i) the Employment Agreement(s) in form attached hereto as Exhibit 5.2(i);

(j) an environmental audit of the Company's real property and any USTs, conducted at Company's expense by an environmental consulting firm mutually satisfactory to Buyer and Company;

(k) any permits necessary to the operations of the Company's business amended to adequately reflect any change of control or other amendment necessary to reflect the Exchange;

(l) certificates representing 100% of the outstanding shares of the Company Common Stock, together with stock powers duly executed and bank guaranteed signatures;

(m) an executed Real Estate Contract and Stock Purchase Agreement, by and between Buyer and all of the partners currently owning that real property commonly known as 2608 S. Damen Avenue, Chicago, Illinois;

(n) a Registration Rights Agreement in form attached hereto as Exhibit 5.2(n);

(o) the Schedules and Company Financials required in Article 3, delivered to Buyer no less than 10 days prior to the Closing Date, which Schedules band Company Financials shall be satisfactory to Buyer;

(p) the certificate required in Section 1.2, which certificate shall reflect an amount of Closing Date Indebtedness, excluding trade accounts payable, not to exceed $125,000; and

(q) completion by Buyer of a due diligence review of the Company, which review shall be reasonably acceptable to Buyer in its sole discretion.

5.3 *Conditions to the Obligations of the Shareholders*. Prior to the Closing, each of Buyer and Parent shall deliver, or cause to be delivered, to the Shareholders the following:

(a) a certificate, dated the Closing Date and signed by its president to the effect that the representations and warranties of Buyer and Parent herein contained shall be true as of and at the Closing Date with the same effect as though made at such date, except as affected by transactions permitted or contemplated by this Agreement; Buyer and Parent shall have performed and complied with all covenants required by this Agreement to be performed or complied with by it before the Closing Date;

(b) certificates of the Secretary of State of each relevant jurisdiction dated not more than ten days prior to the Closing Date, attesting to the organization and good standing of each of Buyer and Parent as a corporation in its jurisdiction of incorporation;

(c) copies, certified by the Secretary of State of each relevant jurisdiction as of a date not more than ten days prior to the Closing Date of the articles or certificate of incorporation of Buyer and Parent, and all amendments thereto;

(d) copies, certified by the Secretary of each of Buyer and Parent as of the Closing Date, of the bylaws of each of Buyer and Parent, and all amendments thereto;

(e) the written opinion of Porter & Clements, L.L.P., counsel to Buyer and Parent, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.3(e);

(f) the Non-Competition Agreement required in Section 5.2(h);

(g) the Employment Agreement required in Section 5.2(i).

(h) the Parent Common Stock required by Article 1;

(i) the Registration Rights Agreement required in Section 5.2(n); and

(j) the Real Estate Contract and Stock Purchase Agreement required by Section 5.2(m).

ARTICLE VI

Termination and Abandonment

6.1 *Termination.* Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated and the Exchange contemplated hereby abandoned at any time (whether before or after the approval and adoption thereof by the stockholders of Company) before the Closing Date:

(a) *By Mutual Consent.* By mutual consent of Buyer and the Shareholders.

(b) *By Buyer Because of Failure to Perform Agreements or Conditions Precedent.* By Buyer if the Shareholders have failed to perform any agreement set forth herein, or if any condition set forth in Article 5 hereof has not been met and has not been waived. Election by Buyer to terminate this Agreement pursuant to this Section 6.1(b) shall not limit any other right or remedy of Buyer.

(c) *By the Shareholders Because of Failure to Perform Agreements or Conditions Precedent.* By the Shareholders, if Buyer has failed to perform any agreement set forth herein, or if any condition set forth in Article 5 hereof has not been met and has not been waived. Election by the Shareholders to terminate pursuant to this Section 6.1(c) shall not limit any other right or remedy of the Shareholders.

(d) *By Buyer or the Shareholders Because of Legal Proceedings.* By either Buyer or the Shareholders if any suit, action, or other proceeding shall be pending or threatened by the federal or a state government before any court or governmental agency, in which it is sought to restrain, prohibit, or otherwise affect the consummation of the Exchange.

(e) *By Buyer Because of Dissenting Shareholders.* By Buyer, if the holders of any shares of Company Common Stock elect not to participate in the Exchange.

(f) *By Buyer or the Shareholders if Exchange not Completed by July 31, 1992.* By either Buyer or the Shareholders, if the Exchange shall not have been completed on or before July 31, 1992.

6.2 *Termination by Board of Directors.* An election by Buyer to terminate this Agreement and abandon the Exchange as provided in this Article shall be exercised on behalf of Buyer by its board of directors.

6.3 *Effect of Termination.* In the event of the termination and abandonment of this Agreement pursuant to and in accordance with the provisions of this Article other than Section 6.1(b) and 6.1(c), this Agreement shall become void and have no effect, without any liability on the part of any party hereto (or its stockholders or controlling persons or directors or officers), except as provided in Section 6.5.

6.4 *Waiver of Conditions.* Subject to the requirements of any applicable law, any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, by itself in the case of an individual, or by action taken by its board of directors, the executive committee of its board of directors, or its president, in the case of a corporation.

6.5 *Expense on Termination.* If the Exchange is abandoned pursuant to and in accordance with the provisions of this Article, all expenses will be paid by the party incurring them.

ARTICLE VII

INDEMNIFICATION

7.1 *Shareholders' Indemnification of Buyer.* The Shareholders hereby agree that they shall, jointly and severally, defend and hold Buyer, its officers, directors, employees, subsidiary and parent corporations and Buyer's successors and assigns harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that such indemnified persons shall incur or suffer, which arise, result from or relate to (i) any breach by Company or the Shareholders of any of their respective representations and warranties, or any failure by Company or the Shareholders to perform any of their respective covenants or agreements set forth in this Agreement or in any Schedule, Exhibit, the Company Financial Statements, or other instrument furnished or to be furnished by or on behalf of Company or the Shareholders under this Agreement, or (ii) arising out of the conduct of the business of the Company prior to the Closing Date.

7.2 *Buyer's Indemnification of Shareholders.* Buyer shall indemnify, defend and hold the Shareholders harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that the Shareholders shall incur or suffer, which arise, result from or relate to any breach of or by Buyer of any of their representations and warranties, or any failure by Buyer to perform its covenants or agreements set forth in this Agreement or in any Exhibit or other instrument furnished or to be furnished by or on behalf of Buyer under this Agreement.

7.3 *Indemnification Procedure.* Promptly after an indemnified party becomes aware of any claim, demand, action, proceeding, event, or condition with respect to which a claim for indemnification may be made pursuant to this Article, such indemnified party shall, if a claim in respect thereof is to be made against any party, give written notice to the latter of the nature of the matter for which a right to indemnification is claimed (an "Indemnification Claim"); provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of any obligations, except to the extent (and only to the extent) the indemnifying party is materially prejudiced thereby. In case any such Indemnification

Claim involves a claim, demand, action, or proceeding by a third party (a "Third Party Claim"), the indemnifying party shall be entitled to assume the defense thereof, jointly with any other indemnifying party similarly notified, with counsel reasonably satisfactory to such indemnified party, such defense to be conducted at the expense of the indemnifying party. After notice from the indemnifying party to such indemnified party of its election to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense of the Third Party Claim, other than reasonable costs of investigation, unless the indemnifying party has failed to assume the defense of such Third Party Claim and to employ counsel reasonably satisfactory to such indemnified person. Notwithstanding any of the foregoing to the contrary, the indemnified party will be entitled to select its own counsel and assume the defense of any Third Party Claim action if the indemnifying party fails to select counsel reasonably satisfactory to the indemnified party or fails to prosecute the defense, the expenses of such defense to be paid by the indemnifying party. No indemnifying party shall consent to entry of any judgment or enter into any settlement with respect to a Third Party Claim without the consent of the indemnified party, which consent shall not be unreasonably withheld. No indemnified party shall consent to entry of any judgment or enter into any settlement of any Third Party Claim the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party, which consent shall not be unreasonably withheld.

7.4 *Shareholders' Release of the Company.* By the execution of this Agreement, each of the Shareholders releases, remises and forever discharges, the Company and its directors, officers, employees, consultants and agents, and the Company subsidiary, parent and successor corporations, from any cause of action, claim, liability, cost or expense (including attorneys' fees) which the Shareholders, or any of them, may have suffered, or claim to have suffered before the Closing Date arising out of their ownership of Company Common Stock, the operation of Company's business, the execution and delivery of this Agreement, the execution, delivery and performance of any other agreement or action taken in contemplation of this Agreement and the consummation of the transactions contemplated hereby.

7.5 *Determination of Claims.* An Indemnification Claim (other than any Indemnification Claim involving a Third Party Claim, which shall be payable as provided in Section 7.3 above) shall be payable under Section 7.1 above by any Shareholder or under Section 7.2 above by Buyer, as applicable, when (i) there is a mutual agreement between the indemnified party and the indemnifying party as to the indemnifying party's liability for such Indemnification Claim and the amount of such liability, or (ii) a final judgment is rendered by a court of competent jurisdiction (and such judgment is not stayed for a period of 60 days) with respect to the indemnifying party's liability for the Indemnification Claim and the amount of such liability.

ARTICLE VIII

GENERAL PROVISIONS

8.1 *Survival of Representations, Warranties and Agreements.* The representations, warranties and agreements contained in this Agreement and in each instrument delivered pursuant to this Agreement shall survive and shall not be extinguished by the consummation of the Exchange or any investigation made by or on behalf of any party hereto.

8.2 *Notices.* All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or on the date transmitted if transmitted by telex or telecopier, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Buyer or Parent:

Allied Waste Industries, Inc.
6575 West Loop South, Suite 250
Bellaire, Texas 77401
Attention: President
FAX: (713) 664-2098

(b) If to Shareholders:

James Lytle
18508 Ridgewood
Lansing, Illinois 60438

Aleatha Lytle
18508 Ridgewood
Lansing, Illinois 60438

Garret Laning
1926 183rd Place
Lansing, Illinois 60438

Nancy Laning
1926 183rd Place
Lansing, Illinois 60438

With Copies to:

Richard D. Boonstra
Hoogendoorn, Talbot, Davids, Godfrey & Milligan
122 South Michigan Avenue, Suite 1220
Chicago, Illinois 60603-6107
FAX: (312) 786-0708

8.3 *Miscellaneous*. This Agreement (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof, (ii) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and is not intended to confer upon any other person any rights or remedies hereunder, (iii) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Texas and (iv) may be executed in two or more counterparts which together shall constitute a single agreement.

8.4 *Publicity*. Each of Buyer, Parent, the Company and each of the Shareholders promptly shall advise and cooperate with the other prior to issuing, or permitting any of its Subsidiaries, directors, officers, employees or agents to issue, any press release with respect to this Agreement or the transactions contemplated hereby.

8.5 *Assignment*. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, that Buyer may assign its rights hereunder to any of its wholly-owned Subsidiaries without the consent of the Shareholders.

8.6 *Schedules*. All statements contained in any Exhibit, Schedule, certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated hereby are an integral part of this Agreement and shall be deemed representations and warranties hereunder. All of the Exhibits and Schedules delivered pursuant to this Agreement shall be bound together, indexed and delivered on or before ten business days prior to the Closing Date.

8.7 *Facts "Known" to a Corporation*. Whenever a representation or warranty is made herein as being to the "knowledge of" or "known" to a corporation, or otherwise to that effect, it is understood and agreed that an officer of such corporation has made or caused to be made (and the results thereof reported to him) an investigation which is sufficient to determine the accuracy of such representation or warranty by personnel or agents of such corporations or by others, to perform such investigation and to determine the accuracy thereof, and any such representation or warranty shall be deemed to be breached if any director, officer, employee or agent of such corporation, on the basis of such investigation or otherwise, has actual or constructive knowledge of any fact that would render such representation or warranty incorrect or would have such actual or constructive knowledge had such an investigation been made.

8.8 *Pooling of Interests*. It is the intent of each of the parties to this Agreement that the transaction contemplated hereby be accounted for as a "pooling of interests." As such, each of Buyer, Parent, Company and each of the Shareholders hereby mutually represent and warrant that it has taken no action which would impair or prohibit, and covenants to take no action in the future which would impair or prohibit, such "pooling of interests" accounting.

8.9 *Professional Fees*. Buyer, Parent, Company and each of the Shareholders agree that any and all fees incurred pursuant to the transactions contemplated hereby for engineering, environmental, accounting and legal services (the "Professional Fees"), shall be borne by the party incurring such Professional Fees.

IN WITNESS WHEREOF, Buyer, Parent and Shareholders have signed this Agreement as of the date first written above.

BUYER:

NATIONAL SCAVENGER SERVICE, INC.

By: Richard Van Hatten Jr.
Title: Vice President

PARENT:

ALLIED WASTE INDUSTRIES, INC.

By: [illegible]
Title: VICE PRESIDENT

SHAREHOLDERS:

James C. Lytle
JAMES LYTLE

Aleatha Lytle
ALEATHA LYTLE

Garret Laning Jr.
GARRET LANING, JR.

Nancy Laning
NANCY LANING

STOCK EXCHANGE BETWEEN

PETER LANING SONS, INC.

BY

ALLIED WASTE INDUSTRIES, INC.
NATIONAL SCAVENGER SERVICE, INC.

SELLERS:	PETER LANING SONS, INC.
SHAREHOLDERS:	JAMES LYTLE ALEATHA LYTLE GARRET LANING, JR. NANCY LANING
PURCHASER:	ALLIED WASTE INDUSTRIES, INC. NATIONAL SCAVENGER SERVICE, INC.
DATE OF CLOSING:	MAY 27, 1992

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CLOSING BOOK INDEX

(NOTE: Documents dated May 27, 1992 unless otherwise noted.)

1. Confidentiality Agreement dated March 10, 1992.
2. Letter of Intent dated March 17, 1992.
3. Stock Exchange Agreement.
4. Registration rights Agreements of James Lytle, Aleatha Lytle, Garret Laning and Nancy Laning.
5. Non-Competition Agreements of James Lytle and Garret Laning, Jr.
6. Guaranteed Employment Agreements of James Lytle and Garret Laning, Jr.
7. Amendment to Guaranteed Employment Agreements of James Lytle and Garret Laning, Jr. (Estate of).
8. Investment Letters of James Lytle, Aleatha Lytle, Garret Laning, Jr. and Nancy Laning.

9. Opinion Letter for Counsel to Shareholders.

10. Opinion of Counsel to Purchasers.

11. Closing Certificate - Laning.

12. Closing Certificate - Allied.

13. Officer's Certificate - Allied.

14. Officer's Certificate - National.

15. Certificate of Good Standing - Laning.

16. Certificate of Good Standing - Allied.

17. Certificate of Good Standing - National.

18. Written Consent (Board and Shareholders) - Laning.

19. Written Consent (Board) - Allied.

20. Written Consent (Board) - National.

21. Articles of Incorporation - Laning.

22. Articles of Incorporation - Allied.

23. Articles of Incorporation - National.

24. Bylaws - Allied.

25. Bylaws - National.

26. Affidavit of Lost Certificate - Laning.

27. Stock Powers of James Lytle, Aleatha Lytle, Garret Laning, Jr. and Nancy Laning.

28. Resignation of Officers and Directors.

29. Waiver Agreement of Evelyn Laning.

30. Letter Agreement of Evelyn Laning Re: Prepayment of Notes.

ASSET PURCHASE OF

SANITATION SERVICE, INC.

BY

ALLIED WASTE INDUSTRIES, INC.

October 7, 1994

-CORPORATE-

COPY

TKK/SANITATION.APA

100794A10

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of this 30 day of September, 1994 by and between Allied Waste Industries, Inc., a Delaware corporation or its subsidiary nominee (the "Purchaser") and J.B.R. Equipment Company, Inc., an Indiana corporation ("JBR"), Jay Rusthoven, Bernice Rusthoven (hereinafter sometimes referred to as "Shareholders"), John Rusthoven and Minnie Rusthoven and Sanitation Service, Inc. an Indiana corporation ("SSI") (hereinafter collectively referred to as "Seller").

W I T N E S S E T H:

WHEREAS, JBR owns and leases certain equipment to SSI;

WHEREAS, Jay B. Rusthoven and Bernice Rusthoven, husband and wife (as to an undivided one-half interest), John Rusthoven and Minnie Rusthoven, husband and wife (as to an undivided one-half interest), own certain real estate (the "Premises") upon which a waste transfer operation is conducted by the Permittees (the "Transfer Station");

WHEREAS, SSI and Jay Rusthoven (the "Permittees") hold a permit (the "Permit") issued by the Indiana Department of Environmental Management and for the operation of a transfer station for a transfer station on the Premises;

WHEREAS, Seller is engaged in the solid waste hauling (the "Business") and disposal business in Lake County, Indiana area and desires to sell, transfer, convey and assign to Purchaser all of its right, title and interest in and to certain assets of Seller used in the Business as described herein; and

WHEREAS, Purchaser desires to purchase and acquire all of Seller's right, title and interest in and to certain assets of the Business from Seller as described below.

IN WITNESS WHEREOF, for and in consideration of the premises and the mutual representations, warranties and covenants and subject to the conditions herein contained, the parties agree as follows:

1 PURCHASE AND SALE OF ASSETS; CLOSING

1.1 Purchased Assets. Seller agrees to and shall sell, transfer, assign, deliver and convey to Purchaser at the Closing (as hereinafter defined) free and clear of all liens, claims and encumbrances, all of its right, title and interest in and to the

following assets used in the Business (hereinafter collectively referred to as the "Purchased Assets"):

1.1.a The real estate and real estate improvements (the "Real Estate") described in Exhibit 1.1.a.

1.1.b All containers, vehicles, trailers, tractors compactors, machinery, equipment, leases, contracts and routes of the Business as shown on Exhibit 1.1.b.

1.1.c The commercial, residential and industrial customer contracts and non-contract customer accounts, all other rights to provide waste disposal services to the customers of the Seller (the "Customer Accounts") permits (including the Permit), franchises, licenses and operating rights as shown on Exhibit 1.1.c.

1.1.d Seller's governmental approvals, contracts, rights to employ Seller's employees and other proprietary rights (the "Proprietary Rights"), as identified on Exhibit 1.1.d.

1.1.e All operating data, books, files, documents and records of Seller related to the Business, including, without limitation, customer lists, route books, insurance policies, marketing information, correspondence, budgets and other similar documents and records related to the Purchased Assets (the "Records").

1.1.f Trademarks, service marks, trade names, (including the name "Sanitation Service") and all goodwill associated therewith.

1.2 Purchase Price; Allocation; Payment. As consideration for the Purchased Assets and the Covenant-Not-to-Compete Agreements described in Section 5 herein, Purchaser agrees, subject to the terms, conditions and limitations set forth in this Agreement to pay to the Seller in the manner specified below, the total sum of One Million Dollars ($1,000,000) payable as follows:

1.2.a The total sum of Five Hundred Thousand Dollars ($500,000) which shall be deemed paid for the Purchased Assets (the "Purchase Price") shall be payable in the form of two promissory notes, one in the amount of $375,000 and the second in the amount of $125,000 in the form of Exhibits 1.2.a. The $125,000 promissory note shall be the "hold back" amount pending the renewal and transfer of the Permit (hereinafter sometimes referred to as the "Note" or the "Hold Back").

1.2.b The sum of One Hundred ninety-five Thousand Six Hundred Forty-seven and 12/100 Dollars ($195,647.12) in the form of a Promissory Note in the form of Exhibit 1.2.b.

1.2.c The total sum of One Hundred Thousand Dollars ($100,000) for the Covenant-Not-to-Compete Price in the form of two promissory notes in the each in the amount of Fifty Thousand Dollars ($50,000) in the form of Exhibit 1.2.c.

1.2.d Allied shall assume the debt of Sellers listed on attached Exhibit 1.2.d in an aggregate amount not to exceed ($199,822.98) (of which the sum of $34,772.98 has already been paid by Purchaser). Allied shall not be deemed by anything contained in this Agreement to have assumed, and the Shareholders hereby jointly agree to indemnify Allied and hold it harmless with respect to any liabilities of the Companies, absolute accrued or contingent, whether existing as of the date hereof, or hereafter existing.

1.2.e The aggregate of all sums billed by Seller on the Customer Accounts for services to be rendered by Purchaser after the Time of Closing (the "Pre-Billed Accounts"), as such accounts, pre-billed amounts and billing periods are identified on Exhibit 1.2.e, shall be credited against the Purchase Price in favor of Purchaser.

1.3 Excluded Liabilities. Except as otherwise hereinafter expressly provided, Purchaser shall not assume any liabilities of any nature whatsoever including the following (the "Excluded Liabilities"):

1.3.a Any obligations or liabilities of Seller arising under this Agreement;

1.3.b Any obligation of Seller for federal, state or local income tax liability (including interest and penalties) arising from the operations of Seller up to the Time of Closing or arising out of the sale by Seller of the Purchased Assets;

1.3.c Any obligation of Seller for any transfer, sales or other taxes, fees or levies (including motor vehicle sales taxes) arising out of the sale of the Purchased Assets; and

1.3.d Any obligation of Seller for expenses incurred in connection with the sale of the Purchased Assets.

1.4 Time and Place of the Closing. The closing of the sale of the Purchased Assets (the "Closing") shall take place at the offices of Purchaser at 935 West 175th Street, Suite 200, Homewood, Illinois at 3:00 p.m. local time, on October 7, 1994 (the "Time of Closing").

1.5 Procedure at the Closing. At the Closing, Seller shall deliver to the Purchaser (a) the Bill of Sale in the form of Exhibit 1.5.a, attached hereto, assignments and other instruments, as shall be sufficient to vest in Purchaser good and marketable title to the Purchased Assets free and clear of all liens and encumbrances; (b) the Employment and Covenant-Not-to-Compete Agreements in the form of Exhibits 1.5.b and 1.5.c, respectively, attached hereto; (c) the deeds, certificate of title, title insurance and surveys for the Premises; and (d) the Operating Agreement in the form of 1.5.d. Purchaser shall deliver the promissory notes for the Purchase Price and Covenant-Not-to-Compete Price due at the Time of Closing. The Hold Back shall be delivered, (subject to adjustments (if any), provided for in Section 3.14), not later than February 14, 1995; and (d) corporate resolutions from each of SSI and JBR authorizing the execution, delivery and performance of this Agreement.

1.6 Provided neither Seller nor Purchaser is in default with respect to performance of any obligation or covenants to perform or discharge by either of them, respectively, and further provided no condition precedent to either party's obligation to close has occurred as a result of fault or want of good faith effort, then in either such event, if this Agreement is not closed due to an inability to satisfy conditions stated in said Agreement by the 1st day of December, 1994, this Asset Purchase Agreement shall be of no force and effect and shall be null and void.

2 REPRESENTATIONS AND WARRANTIES OF SHAREHOLDERS

The Shareholders hereby, jointly and severally, represent and warrant to Purchaser as follows:

2.1 Organization, Standing and Qualification. JBR and SSI are corporations duly organized, validly existing and in good standing under the laws of the State of Indiana and each has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted.

3 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations, warranties and covenants:

3.1 Organization, Power and Authority. Seller has full power and authority to (a) own or lease the properties and to carry out the Business as it is now being conducted; (b) enter into this Agreement and to sell, convey, assign, transfer and deliver the Purchased Assets as provided herein; and (c) carry out the other transactions and agreements contemplated hereby.

3.2 Ownership of Purchased Assets. Seller has good and marketable title to, or a valid leasehold interest in, all of the Purchased Assets, free and clear of all title defects, liens, claims or other encumbrances of any kind or character.

3.3 Condition of the Purchased Assets. Except as set forth in Exhibit 3.3, the Purchased Assets are in good operating condition and shall be in the same condition at the Closing as they are on the date of this Agreement, normal wear and tear excepted.

3.4 Proprietary Rights. Seller possesses all of the permits, (including the Permit) licenses, governmental approvals, contracts, franchises and franchise rights, service marks, trademarks, trade names, corporate names and other proprietary rights, which failure to posses could have an adverse effect on the Business, financial condition or results of operations of Seller.

3.5 Adequacy of the Purchased Assets. The Purchased Assets constitute, in the aggregate, all of the property necessary for the conduct of the Business in the manner in which and to the extent to which it is currently being conducted. Seller knows of no fact, event or action which could result in a material adverse change in the Business, prospects, financial condition or results of operations of Seller or the operation or ownership of the Purchased Assets by the Purchaser following the Time of Closing. Seller is not restricted by any agreement to which Seller is a party from carrying on its business anywhere in Lake County, Indiana. The Permit is current, validly issued and not the subject of any proceeding with the Indiana Department of Environmental Management.

3.6 Material Contracts and Financial Documents.

3.6.a Exhibit 3.6 attached hereto contains an accurate and complete list of the following:

3.6.a(i) each note, loan agreement, credit agreement, lease, guarantee, security agreement or similar document or instrument in any way relating to the Purchased Assets or the Business to which Seller is a party or by which Seller is bound; and

3.6.a(ii) each other agreement, contract or commitment to which Seller is a party or by which Seller is bound and which is either (i) material to the operation of the Business; or (ii) cannot be terminated without liability on thirty (30) days' or less notice.

3.6.b Neither Seller nor any party thereto or bound thereby is in default under any of the contracts, agreements or instruments comprising Exhibit 3.6, and no act or event has occurred which, with notice or lapse of time, or both, would constitute such a default. Seller is not a party to, nor is Seller or any of Seller's property bound by or subject to any other agreement or instrument which is material to the continued conduct of the Business as now being conducted or with respect to which a default might materially and adversely affect Seller's properties, business or financial condition. The contracts, agreements and instruments comprising Exhibit 2.6 confer on Seller all rights necessary to enable Seller to conduct business as it is now being conducted (as well as any expansion thereof now contemplated) and none imposes upon Seller any unduly burdensome obligation.

3.6.c With respect to all contracts, agreements and instruments comprising Exhibit 3.6:

3.6.c(i) each is in full force and effect and legally binding upon the parties thereto;

3.6.c(ii) Seller has not released any of Seller's rights thereunder nor will any other party bound thereby be released from its obligations nor will any obligations of any party be affected as the result of the transfer contemplated hereby nor will the consent of any other party to any of the above be required with respect to the transfer contemplated hereby; and

3.6.c(iii) none requires the payment or performance of material considerations by Seller on or after the Closing without the receipt by Seller of consideration of commensurate value.

3.7 Insurance. Attached as Exhibit 3.7 hereto is a list with complete copies of all current and expired policies of liability, property damage, fire, workers' compensation/employer's liability, other forms of insurance owned or carried at any time by Seller and insurance agents and/or brokers providing such insurance coverage and of all performance bonds and letters of credit securing any obligations of Seller at any time maintained by Seller in the conduct of Seller's business. Seller has at all times carried insurance adequate in character and amount, with reputable insurers in respect of Seller's properties, assets and business and has provided all required performance bonds, and has complied with all applicable terms and conditions, including payment of premiums, with respect to such insurance policies and performance bonds. Seller has received no notification from any insurance carrier denying or disputing any claim made by Seller, denying or disputing any coverage for any such claim, denying or disputing the amount of any claim, or regarding the possible cancellation of or premium increases with respect to any policies. Seller has no claim pending or anticipated against any of the insurance carriers under any of such policies and there has been no actual or alleged occurrence of any kind which may give rise to any such claim.

3.8 Litigation. Except as shown on Exhibit 3.8, there are no actions, suits, claims, governmental investigations or arbitration proceedings pending, threatened against or affecting Seller or any of the Purchased Assets and there is no basis for any of the foregoing. There are no outstanding orders, decrees or stipulations issued by any local, state or federal judicial authority in any proceeding to which Seller is or was a party or by which Seller is bound.

3.9 Records. The Records are accurate and complete in all material respects and there are no material matters as to which appropriate entries have not been made in the Records.

3.10 Changes in Seller's Business Activities. For the period of three (3) months immediately preceding the Time of Closing: (a) there has been no material adverse change in the Business, property, employee relations, financial condition or results of operations of the Business; (b) no bonus or increase in the rate of compensation has been given to any of Seller's employees; (c) Seller has not sold or transferred any of his assets other than in the ordinary course of business; (d) has not made or obligated itself to make any material capital expenditures; (e) no material obligations or liabilities (including any indebtedness) by Seller have been incurred and no material transactions contemplated hereby; and (f) Seller has not suffered any theft, damage, destruction, casualty loss or other material change, materially and adversely affecting the Purchased Assets or the Business,

prospects, operations, liabilities, earnings or condition of Seller.

3.11 Compliance with Laws.

3.11.a Seller has operated the Business from its inception, and will continue to operate it through the Time of Closing, legally and in compliance with all applicable laws, ordinances, regulations, permits, licenses and orders. Without limiting the generality of the foregoing, Seller has not transported, stored, treated or disposed, nor has Seller allowed or arranged for any third parties to transport, store, treat or dispose waste or substances to or at: (i) any location or facility other than a site or facility lawfully permitted to receive such waste or substances for such purposes; or (ii) any location designated for remedial action pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") or any similar federal or state statute; nor has Seller performed, arranged for or allowed by any method or procedure such transportation or disposal in contravention of any laws or regulations or in any other manner which may result in liability for contamination of the environment. Seller has not disposed, nor has Seller allowed or arranged for any third parties to dispose, of waste or substances upon property owned or leased by Seller, except as permitted by law.

3.11.b Seller has not received notification of any past or present failure by Seller to comply with any laws, ordinances, regulations, permits, licenses or orders applicable to it or the Purchased Assets. Without limiting the generality of the foregoing, Seller has not received any notification (including requests for information directed to Seller or Owner) from any governmental agency asserting that Seller is or may be a "potentially responsible person" for a remedial action at a waste storage, treatment or disposal facility, pursuant to the provisions of CERCLA, or any similar federal or state statute assigning responsibility for the costs of investigating or remediating releases of contaminants into the environment.

3.12 Employee Matters.

3.12.a Set forth on Exhibit 3.12 is a complete and accurate list of the name, residence, social security number and current rate of compensation of each of Seller's present Business employees and their present position. All of such employees possess licenses or permits necessary for them to perform their duties and will be available for employment by

Purchaser, after the Time of Closing, on substantially the same terms described in Exhibit 3.12.

3.12.b Seller is not a party to or bound by any employment agreement, any collective bargaining agreement or any other agreement with a labor union, and there has been no effort by any labor union during the twenty-four (24) months prior to the date hereof to organize any employees of Seller into one or more collective bargaining units. There is no pending or threatened labor dispute, strike or work stoppage which may affect the Business of Seller or which may interfere with Seller's continued operation. Seller knows of no reason why any current employee may not be available to work for Purchaser after the Closing Date.

3.12.c There are no pension or employee benefit plans (as defined by the Employee Retirement Income Security Act of 1974, as amended) ("ERISA") nor have any ever been maintained or contributed to by Seller.

3.13 Binding Obligation. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (a) violate any law, ordinance, regulation, decree or order of any court or administrative or other governmental body which is either applicable to, binding upon or enforceable against Seller; (b) result in any breach of or default under any mortgage, contract, agreement, indenture, will, trust or other instrument which is either binding upon or enforceable against Seller or the Purchased Assets; or (c) impair or in any way limit any governmental or official license, approval, permit or authorization of the Seller.

3.14 Revenue Guarantees. All of the Customer Accounts are presently receiving services from Seller. The average revenues generated by the Customer Accounts for services rendered during the 1994 calendar year shall not be less than Forty-eight Thousand Dollars ($48,000) per month ("Required Revenues"). Actual average monthly revenues for the 1994 calendar year shall include amounts pre-billed by Seller for services to be rendered during the calendar year and for which amounts Purchaser has received a credit pursuant to Section 1.2 of this Agreement. In the event it should hereafter be determined that the actual average monthly revenues from the Customer Accounts for the 1994 calendar year were less than ninety-seven percent (97%) of the Required Revenues, notwithstanding any other provision of this Agreement to the contrary, for purposes of the indemnification provisions of Section 6.3 of this Agreement, an amount equal to six (6) times the deficiency (between actual and Required Revenues) shall be deemed to be the amount of the loss, damage or expense incurred as a result of the breach of the calendar year revenue representation

and warranty set forth in this Section. Such deficiency, if any, shall be subject to Purchaser's right of set-off and may be set off against the Note. In the event it should hereafter be determined that the actual monthly revenues from the Customer Accounts for the 1994 calendar year exceed one hundred three percent (103%) of the Required Revenues, an amount equal to six (6) times the excess (between actual and Required Revenues) shall be paid to Seller. During the Test Period Purchaser shall continue to use the name "Sanitation Service" and shall not increase the service charge in effect for each Customer Account as of the Date of Closing. At all times during the Test Period, Purchaser shall maintain a level of service at least equal to that Seller provided to each Customer prior to the Closing Date. In addition, Purchaser shall carry on the activity of the Business in its usual course.

3.15 [Left Blank Intentionally.]

3.16 Sites Used by the Company. Set forth on Exhibit 3.16 is a complete and accurate list of (a) locations (identified by address, owner/operator, type of facility, type of waste, and period of time the facility was used) to which the Seller has ever transported, or ever caused to be transported, allowed or arranged for any third party to transport, any type of waste material or substance generated by Seller's customers or Seller, for storage, treatment, burning, recycling or disposal; and (b) storage, treatment, burning, recycling or disposal activities which Seller has undertaken, at any time, at locations then or presently owned or occupied by Seller (such list to include property address, nature of Seller's interest in the property, current owner of the property, nature of Seller's interest in the property, nature of the activity conducted at such location, type and form of waste, estimated volume of waste disposal on or in ground, and period of time the activity was conducted).

3.17 Accuracy of Information Furnished. No representation, statement or information made or furnished by Seller to Purchaser in this Agreement, in the various exhibits to this Agreement, or in other information and statements furnished by Seller to Purchaser, contains, or shall contain any untrue statement of a material fact or omits or shall omit any material fact necessary to make the information misleading.

4 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser makes the following representations and warranties:

4.1 Organization, Power and Authority. Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware, with full corporate power and authority to enter into this Agreement and perform its obligations hereunder.

4.2 Due Authorization; Binding Obligation. The execution, delivery and performance of this Agreement and all other agreements contemplated hereby and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser and is a valid and binding obligation of Purchaser enforceable in accordance with its terms.

5 CONDITIONS TO THE OBLIGATIONS OF PURCHASER

The obligation of Purchaser to purchase the Purchased Assets shall be subject to the representations and warranties of Seller contained in this Agreement being true and correct as of the Time of Closing. Seller shall have performed and complied with all of the obligations required by this Agreement to be performed or complied with at or prior to the Time of Closing. Seller shall have executed and delivered the Covenant-Not-to-Compete Agreement to Purchaser in the form attached hereto as Exhibit 1.5.c.

6 ADDITIONAL AGREEMENTS OF THE PARTIES

6.1 Conduct of Business Pending Closing. Until the Time of Closing, except as otherwise provided by the prior written consent of Purchaser, Seller will have conducted and will operate the Business and operations in the manner in which same has traditionally been operated, and will use its best efforts to preserve the business organization intact and preserve the relationships with the customers and suppliers.

6.2 Liability for Expenses. Seller will pay all expenses incurred by Seller, in connection with the negotiation, execution and performance of this Agreement, whether or not the transactions contemplated hereby are consummated, including the fees and expenses of agents, representatives, accountants and counsel for Seller.

6.3 Indemnification. From and after the Time of Closing, Seller agrees to indemnify, defend and hold Purchaser and its subsidiaries and affiliates harmless from and against all indemnifiable damages of Purchaser. For this purpose, the term "indemnifiable damages" of the Purchaser means the aggregate of all expenses, losses, costs, deficiencies, liabilities and damages (including attorneys' fees and court costs) incurred or suffered by

Purchaser, or any of its directors, officers, agents or employees, as a result of or in connection with: (a) any inaccurate representation or warranty made by Seller in or pursuant to this Agreement; (b) any default in the performance of any of the covenants or agreements made by Seller in this Agreement; (c) any failure of Seller to pay, discharge or perform any of the Excluded Liabilities; (d) any occurrence, act or omission of any employee, consultant or agent of Seller which occurred prior to the Closing and causes damage to Purchaser or its affiliates; (e) deficiency in the Required Revenues during the Test Period as provided in Section 3.14; or (f) failure of Seller to comply with the provisions of the Indiana Bulk Sales Act or similar law(s).

6.4 Covenant-Not-to-Compete Agreement. Seller agrees to execute at or prior to the Time of Closing, a Covenant-Not-to-Compete Agreement.

6.5 Right of Set-Off.

6.5.a Purchaser may set off against the Note any indemnifiable damages subject, however, to the following terms and conditions:

6.5.a(i) Purchaser shall give notice to Seller of any claimed breach of any such representation or warranty made or obligation incurred, which notice shall set forth the amount of loss, damage, cost or expense which Purchaser claims to have sustained by reason thereof;

6.5.a(ii) unless otherwise agreed by the parties, set-off shall be effected on the date of notice of such claim and such set-off shall be charged against the Note;

6.5.a(iii) if, such claim is contested, Seller shall notify Purchaser within ten (10) days from the date of such notice (the "Notice of Contest Period") of an intention to dispute claim. If such dispute is not resolved within thirty (30) days after Notice of Contest is given (the "Resolution Period"), then such dispute shall be resolved by a committee of three (3) arbitrators (one (1) appointed by Seller; one (1) appointed by Purchaser; and one (1) appointed by the other two so appointed), which shall be appointed within sixty (60) days after the expiration of the Resolution Period. The arbitrators shall abide by the rules of the American Arbitration Association and their decision shall be made within forty-five (45) days from the date of appointment and shall be final and binding on all parties; and

6.5.a(iv) if the amount agreed upon or awarded through arbitration as settlement of such disputed claim ("Settlement Amount") is less than the actual amount of such disputed claim ("Set-Off Amount") then Purchaser agrees to release the difference between the Settlement Amount and Set-Off Amount to Seller as appropriate.

6.5.b The remedies provided for in this Section 6.5 shall be in addition to and not in lieu of any other remedies available to the Purchaser under this Agreement or otherwise.

6.6 [Left Blank Intentionally]

6.7 Payments Received by Seller After Closing. It is the intent of the parties hereto that Purchaser shall take over service with respect to the Customer Accounts listed on Exhibit 1.1.c at the Time of Closing.

6.7.a Purchaser shall be entitled to all revenue generated from the rendering of services with respect to said accounts on and after the Time of Closing except, Seller shall be entitled to retain payments received for the amounts billed on those accounts and for the periods identified in Exhibit 1.2.c for which Purchaser has received a credit against the Purchase Price;

6.7.b If any customer whose account is transferred hereunder pays Purchaser for services rendered prior to the Time of Closing by Seller or if any customer identified on Exhibit 1.2.c pays Purchaser any sum for the periods specified in Exhibit 1.1.c, Purchaser shall promptly pay said amount to Seller;

6.7.c Seller shall promptly pay to Purchaser all payments on the Customer Accounts transferred hereunder which are received by Seller for services rendered on or after the Time of Closing and which are not identified on or are in excess of the amounts specified or are for billing periods not specified on Exhibit 1.2.c; and

6.7.d Neither Purchaser nor Seller shall be obligated to collect any accounts receivable on behalf of the other.

6.8 Power of Attorney. Effective as of the Time of Closing, Seller hereby constitutes and appoints Purchaser and its successors and assigns, as the true and lawful attorney of Seller: (a) to institute and prosecute all proceedings which Purchaser may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Purchased Assets as provided for in this Agreement; (b) to defend or compromise any and all actions,

suits or proceedings in respect of any of the Purchased Assets, and to do all such acts and things in relation thereto as Purchaser shall deem advisable; and (c) to take all action which Purchaser may reasonably deem proper in order to provide for Purchaser all benefits relating to the Purchased Assets where any required consent of another party to the sale or assignment thereof to Purchaser shall not have been obtained. Seller acknowledges that the foregoing powers are coupled with an interest and shall be irrevocable. Purchaser shall be entitled to retain for its own account any amounts collected pursuant to the foregoing powers, including any amounts payable as interest in respect thereof.

6.9 Execution of Further Documents. From and after the Time of Closing, upon the reasonable request of Purchaser, Seller shall execute, acknowledge and deliver all such further documents as may be required to convey and transfer to and vest in Purchaser and protect the right, title and interest in all of the Purchased Assets, and as may be appropriate otherwise to carry out the transactions contemplated by this Agreement.

6.10 Subrogation of Purchaser. In the event Purchaser shall become liable for or suffer any damage with respect to any matter which was covered by insurance maintained by Seller on or prior to the Time of Closing, Purchaser shall be and hereby is subrogated to any rights of Seller under such insurance coverage, and, in addition, Seller agrees to promptly remit to Purchaser any insurance proceeds which it may receive on account of any such liability or damage.

6.11 Name of Corporation. At Closing, SSI agrees to change its corporate name and to cooperate fully with Purchaser in transferring the name "Sanitation Services" to Purchaser, including filing appropriate change of name documentation with the Secretary of State's office.

6.12 Title Evidence. Seller shall furnish Purchaser with a current survey (the "Survey") and a preliminary commitment (the "Title Commitment") for the issuance of a title policy of insurance covering the Premises along with copies of each and every document reflected in the Title Commitment as an exception to title. The Title Commitment and Survey shall disclose that title of Seller is marketable and free of any unpermitted encumbrances, defects and any other matter(s) rendering title unmarketable or unfit for Purchaser's intended use (the "Unpermitted Exceptions").

6.12.a The Survey shall show the legal description of the Premises, lot corners, total acreage of the Premises, all roads, all improvements, all easements and must show no Unpermitted Exceptions, encroachments or defects.

6.12.b Purchaser shall have fifteen (15) days after receipt of the Title Commitment and Survey within which to notify Seller of Seller's obligation to remove or correct any Unpermitted Exceptions shown on Survey or in the Title Commitment.

6.12.c In the event Purchaser has not been provided with the Survey, Title Commitment or Seller fails to cure title or survey defects within thirty (30) days after any notice is given Seller by Purchaser under paragraph 3.6.b, then Purchaser shall extend the closing date for a reasonable period to allow for Seller to obtain the Survey, Title Commitment or cure Unpermitted Exceptions shown on the Survey or in the Title Commitment.

6.13 Allied agrees to pay all costs of environmental testing and laboratory analysis at Closing and, if no closing occurs, such costs shall be paid by Seller.

7 GENERAL PROVISIONS

7.1 Survival of Representations and Warranties. All of the respective representations and warranties of the parties to this Agreement shall survive the consummation of the transactions contemplated hereby.

7.2 Brokers' Commission. Each party hereto will indemnify and hold harmless the other party from any commission, fee or claim of any person, firm or corporation employed or retained or claiming to be employed or retained by the indemnifying party to bring about, or to represent it in, the transactions contemplated hereby.

7.3 Amendment and Modification. The parties hereto may amend, modify and supplement this Agreement in such manner as may be agreed upon by them in writing.

7.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and legal representatives.

7.5 Entire Agreement. This instrument and the Exhibits attached hereto contain the entire agreement of the parties hereto with respect to the purchase of the Purchased Assets and the other transactions contemplated herein, and supersede all prior understandings and agreements of the parties with respect to the subject matter hereof. Any reference herein to this Agreement shall be deemed to include the Exhibits attached hereto.

7.6 Headings. The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

7.7 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

7.8 Notices. Any notice, request, information or other document to be given hereunder to any of the parties by any other party shall be in writing and shall be given by hand delivery, facsimile, certified or registered U.S. mail or a private courier service which provides evidence of receipt as part of the service, as follows:

7.8.a If to the Purchaser, addressed to:

Allied Waste Industries, Inc.
7201 East Camelback Road, Suite 375
Scottsdale, Arizona 85251
Attention: President

7.8.b If to the Seller, addressed to:

Jay Rusthoven and Bernice Rusthoven

J.B.R. Equipment Company, Inc.

Sanitation Service, Inc.
P.O. Box 596
Crown Point, Indiana 46307

Minnie Rusthoven and John Rusthoven

Any party may change the address or facsimile number to which notices hereunder are to be sent to it by giving written notice of such change as herein provided. Any notice given hereunder shall be deemed given on the date of hand delivery, transmission by facsimile, deposit with the U.S. Postal Service or delivery to a courier service, as appropriate.

7.9 Severability. If any provision of this Agreement is determined to be illegal or unenforceable, such provision will be deemed amended to the extent necessary to conform to applicable law or, if it cannot be so amended without materially altering the intention of the parties, it will be deemed stricken and the remainder of the Agreement will remain in full force and effect.

7.10 Use of Certain Terms. The term "Seller" shall also include all predecessors of Seller and businesses acquired by or merged with or into Seller.

7.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana applicable to contracts made and to be performed therein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

SELLER: J.B.R. EQUIPMENT COMPANY, INC.

By Jay B Rusthoven
Its President

SANITATION SERVICE, INC.

By Jay B Rusthoven
Its President

Jay Rusthoven
Jay Rusthoven

Bernice Rusthoven By Jay B Rusthoven P.A. 7-30-7
Bernice Rusthoven

~~Minnie Rusthoven~~

~~John Rusthoven~~

PURCHASER: ALLIED WASTE INDUSTRIES, INC.

By
Its Vice President

EXHIBIT LIST

Exhibit 1.1.a	Real Estate and Real Estate Improvements
Exhibit 1.1.b	Purchased Assets
Exhibit 1.1.c	Customer Accounts
Exhibit 1.1.d	Proprietary Rights
Exhibit 1.2.a	Promissory Note
Exhibit 1.2.b	Promissory Note
Exhibit 1.2.c	Promissory Note
Exhibit 1.2.d	Assumed Liabilities
Exhibit 1.2.e	Pre-Billed Accounts
Exhibit 1.5.a	Bill of Sale
Exhibit 1.5.b	Employment Agreement
Exhibit 1.5.c	Covenant-Not-to-Compete Agreement
Exhibit 3.3	Condition of Purchased Assets
Exhibit 3.6	Material Contracts and Financial Documents.
Exhibit 3.7	Copies of Insurance Policies
Exhibit 3.8	Litigation
Exhibit 3.12	Employee Matters
Exhibit 3.16	Sites Used by Company

Exhibit 3.8

LITIGATION

Sanitation Service, Inc. has two judgments for dollar amounts which are in existence:

1. [redacted]

2. Judgment entered February 10, 1992 in the amount of $16,888.37 obtained by Gary Development Company. No payments have been made on this Judgment and the Judgment or settlement thereof to be paid out of closing.

4. [redacted]

There are no other items of litigation as of the Closing.

REDACTED

STOCK PURCHASE OF

WASTEHAUL, INC.

BY

ALLIED WASTE INDUSTRIES, INC.

March 29, 1994

STOCK EXCHANGE AGREEMENT

This Stock Exchange Agreement (the "Agreement"), is made and entered into as of this 29th day of March, 1994, by and among Allied Waste Industries, Inc., a Delaware corporation ("Buyer"), and the holders of 100% of the outstanding shares of common stock, $0.01 par value per share, of Wastehaul, Inc., an Indiana corporation (the "Company") identified on the signature pages of this Agreement (collectively, the "Shareholders").

WHEREAS, the Shareholders of Company have approved the exchange (the "Exchange") of all of the outstanding shares of stock (the "Shares") pursuant to the terms and subject to the conditions of this Agreement whereby the Shares will be exchanged for shares of Buyer which is intended to comply with the provisions of §368 (a)(1)(b) of the Internal Revenue Code, as amended; and

WHEREAS, Buyer and the Shareholders desire to make certain representations, warranties and agreements in connection with the exchange;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree to effect the exchange on the terms and subject to the conditions herein described and further agree as follows:

1. ARTICLE 1 - THE EXCHANGE

1.1 Exchange of Stock. Subject to the terms and conditions of the Agreement on the Closing Date (as defined in Section 5.1) the Shareholder will exchange all of the shares of Company for registered shares of Buyer's common stock, in the names as Shareholder designates, determined by using the following formula:

$$\frac{1{,}979{,}841 - \text{Company Indebtedness}}{\$5.29 \text{ Per Share}} = 177{,}543 \text{ Registered Shares of Buyer's Common Stock}$$

The term "Company Indebtedness" as used herein shall mean the sum of all long-term and short-term indebtedness of the Company represented by notes or loans payable to any bank, lending institution, the Shareholders or other persons (including payments remaining on capitalized or non-capitalized leases) outstanding on the Closing Date, accrued personal property taxes, accrued payroll, customer deposits and trade payables deducted from accounts receivable, in a form and credit as described on Exhibit 1.1, cash on hand and pre-paid expenses (insurance premiums, performance bond, mortgage expenses, and truck and trailer license registration) as of March 31, 1994.

No fractional shares shall be issued and Common Stock shall be rounded to the nearest whole number.

1.2 Closing Procedure. The following steps will be taken by the parties, respectively: at the Time of Closing:

1.2.a At the Time of Closing, Shareholders shall deliver to Buyer duly executed certificates in valid form, evidencing all of the Shares of Shareholder, duly endorsed in blank or accompanied by duly executed stock powers (with requisite stock transfer stamps, if any, attached).

1.2.b Within 10 business days of the Time of Closing, Buyer shall deliver to Shareholders certificates for shares of Buyer's common stock in an amount equal to 90% (159,789) of the shares determined in Section 1.1, above.

1.2.c Within 135 days of the Time of Closing, Buyer shall deliver the balance of 17,754 shares of Buyer's common stock, subject to any adjustments contemplated by Section 3.31 and Section 3.11 of this Agreement.

2. ARTICLE 2 - REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Shareholders as follows:

2.1 Organization and Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of incorporation or organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its businesses as they are now being conducted. (Exhibit 2.1.)

2.2 Authority. Buyer has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby (as set forth in Exhibit 2.2). The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action of the part of Buyer. This Agreement has been executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with or result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or

event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Buyer is subject or by which Buyer is bound, the effect of which would be materially adverse to Buyer or have a material effect on this transaction taken as a whole. Buyer is not in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any court, administrative agency or commission or other governmental agency or instrumentality, domestic or foreign (a "Governmental Entity"), relating to or affecting the operation, conduct or ownership of the property or business of Buyer, which violation or violations might have a material, adverse effect, individually or in the aggregate, on the financial condition, assets, business, properties or prospects of Buyer or have a material effect on this transaction taken as a whole.

2.3 Approvals. Except as referred to herein and except for compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act"), the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act") and the securities or blue sky laws of various states, there is no legal impediment to the execution and delivery of this Agreement by Buyer or to the consummation of the transactions contemplated hereby, and no filing or registration with, or authorization, consent or approval of, a Governmental Entity is necessary for the consummation by Buyer of the transactions contemplated hereby, other than such as may be required solely because Company is a party to the Exchange or other than such which, if not made or obtained, would not, in the aggregate, have a material, adverse effect on Buyer or have a material effect on this transaction taken as a whole.

2.4 SEC Documents. Buyer has provided to Company a true, complete and correct copy of its Form 10-K for the fiscal year ended December 31, 1993, as will be filed with the Securities and Exchange Commission ("SEC") on March 31, 1994, (as such document has since the time of its filing been amended, the "SEC Document"). As of its date, the SEC Document complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and SEC Document contained no untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Buyer included in the SEC Document have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved and fairly present the consolidated financial position of Buyer as at the dates thereof and the consolidated

results of their operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

2.5 Post Closing Activities. Buyer will, during the Return Period, conduct its business and operations in a manner reasonably calculated to preserve and maintain the customer accounts of the Company and will use its best efforts to preserve the Monthly Revenues.

3. ARTICLE 3 - REPRESENTATIONS AND WARRANTIES OF SHAREHOLDERS

The Shareholders hereby, jointly and severally, represent and warrant to Buyer as follows:

3.1 Organization, Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, and has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted. Exhibit 3.1 sets forth a true, complete and correct list of each jurisdiction, foreign or domestic, in which Company (a) owns or leases property, has employees or otherwise conducts operations and/or (b) is duly qualified or licensed to do business as a foreign corporation. Company is licensed and qualified to do business as a foreign corporation in each jurisdiction in which the character of Company's properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified does not have a material, adverse effect on the Company.

3.2 Company.

3.2.a Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own, to lease or to operate its properties and to carry on its business as it is now being conducted and is duly qualified or licensed to do business in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification or licensing necessary, unless the failure to be so licensed or qualified does not have a material, adverse effect on the Company. Except as set forth in Exhibit 3.2, all outstanding shares of capital stock of Company are validly issued and are fully paid, nonassessable and owned by Company, free and clear of all Encumbrances (defined below). Except as set forth in Exhibit 3.2, there are no voting trusts, proxies, voting agreements or similar understandings applicable to such

shares and there are no options, warrants or other rights, agreements or commitments obligating the Company to issue, to sell or to transfer any shares of capital stock or other securities of Company. As used in this Agreement, the term "Encumbrance" means and includes:

3.2.a.i any security interest, mortgage, deed of trust, lien, charge, pledge, adverse claim, equity, power of attorney, or restriction of any kind, including but not limited to, any restriction or servitude on the use, transfer, receipt of income, or other exercise of any attributes of ownership; and

3.2.a.ii any Uniform Commercial Code financing statement or other public filing, notice, or record that by its terms purports to evidence or notify interested parties of any of the matters referred to in clause 3.2.a.i that has not been terminated or released by another proper public filing, notice or record.

3.3 Authority. Each of the Shareholders has full legal right and capacity to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes the legal, valid and binding obligation of the Shareholders, enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.4 No Violation. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement will not, conflict with, result in a breach of or the acceleration of any obligation under, or constitute a default or event of default (or event which with notice or lapse of time or both would constitute a default) under, any provision of any charter, bylaw, indenture, mortgage, lien, lease, license, agreement, contract, instrument, order, judgment, decree, ordinance or regulation, or any restriction to which any property of Company is subject or by which Company is bound, the effect of which would be materially adverse to the Company taken as a whole. Except as set forth in Exhibit 3.4, the Company is not in violation of any applicable law, statute, order, rule or regulation promulgated or judgment entered by any Governmental Entity relating to or affecting the operation, conduct or ownership of the property or business of Company.

3.5 Capitalization. The authorized capital stock of Company consists solely of 1,000 shares of Company Common Stock, of which

1,000 shares are outstanding. All outstanding shares of Company capital stock are validly issued, fully paid and nonassessable and not subject to preemptive rights. No shares of Company capital stock are held in treasury by the Company. No bonds, debentures, notes or other indebtedness having the right to vote (or convertible into securities having the right to vote) on any matters on which stockholders may vote ("Voting Debt"), are issued or outstanding. Exhibit 3.5 sets forth a true, complete and correct list of all options, warrants, calls, rights, claims, commitments or agreements to which the Company is bound, obligating Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or any Voting Debt of the Company or obligating the Company to grant, extend or enter into any such option, warrant, call, right or agreement. As of the Closing Date, there will be no such option, warrant, call, right or agreement obligating Company to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or any Voting Debt of Company, or obligating Company to grant, extend or enter into any such option, warrant, call, right or agreement. Except as set forth in Exhibit 3.5, there are no agreements obligating Company to redeem, repurchase or otherwise acquire the capital stock of Company or any other securities issued by them, or register the sale of the capital stock of Company under applicable securities laws. Except as set forth in Exhibit 3.5, there are no agreements or arrangements prohibiting or otherwise restricting the payment of dividends or distributions to stockholders by the Company.

3.6 Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Company in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for appropriate notices required to be filed with the Secretary of State of the State of Indiana and appropriate documents with the relevant authorities of other states in which Company owns or leases property, conducts operations or is licensed or qualified to do business as a foreign corporation.

3.7 Financial Statements. Company has furnished to Buyer true, complete and correct copies of Company's unaudited balance sheets and income statements as of December 31, 1993 and same are attached hereto as Exhibit 3.7 (referred to herein as the "Company Financial"). The Company Financial do not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company Financial are in accordance with the books and records of Company and have been prepared in accordance with generally accepted accounting principles applied on a

consistent basis during the periods involved (except as may be limited by the accountant's cover letter attached to the Company Financial) and fairly present (subject, in the case of unaudited financial statements, to normal recurring audit adjustments) the consolidated financial position of Company as at the date thereof and the consolidated results of operations and cash flows (or changes in financial position prior to the approval of the Statement of Financial Accounting Standards No. 95) for the periods then ended.

3.8 Liabilities. Company has no liabilities or obligations, either accrued, absolute, contingent, or otherwise, or has any knowledge of any potential liabilities or obligations, which would have a material, adverse affect on the value or the conduct of the business of the Company, other than those (a) reflected or reserved against in the Company Financial; (b) incurred in the ordinary course of business since the date of the Company Financial; (c) set forth in Exhibit 3.8 hereto; or (d) those under contracts disclosed to Buyer in this Agreement or the Schedules hereto or which, because of the limited amount and duration thereof, are not required to be so disclosed.

3.9 Additional Information. Attached as Exhibit 3.9 are true, complete and correct lists of the following items:

3.9.a Real Property. All real property and structures thereon owned, leased or subject to a contract of purchase and sale or option agreement, or lease commitment, by Company, or in which Company has any other interest with a description of (i) the use to which such real property is put; and (ii) the nature and amount of any Encumbrances thereon;

3.9.b Machinery and Equipment. All machinery, transportation equipment, tools, equipment, furnishings, and fixtures (excluding such items that had a cost basis of $1,000 or less at their respective dates of acquisition by Company) owned, leased or subject to a contract of purchase and sale or lease commitment, by Company with a description with respect to each such item of: (i) the serial number of such item; (ii) the location at which such item is kept; (iii) whether such item is owned or leased; (iv) if owned, a description of the nature and amount of any Encumbrances thereon; and (v) if leased, the name of the lessor and a true, complete and correct copy of any written agreement pursuant to which such item is leased;

3.9.c Payables. All accounts and notes payable of Company as of a date not more than three days prior to the Closing Date, together with an appropriate aging schedule; and

3.9.d Contracts. All contracts, agreements and commitments of Company, whether or not made in the ordinary course of business, including leases under which Company is lessor or lessee, which are to be performed in whole or in part after the Closing Date, and which (i) involve or may involve aggregate payments by or to Company of $1,000 or more after the Closing Date; (ii) are not terminable by Company without premium or penalty on 30 (or fewer) days' notice; (iii) purport to prohibit or restrict the activities of Company, or the ability of Company to compete in any line of business or with any person; (iv) purport to prohibit or restrict the business activities of another person or another person's ability to be in the line of business or with Company; or (v) are otherwise material to the business or properties of Company. All such agreements are legal, valid and binding obligations of Company, as the case may be, enforceable in accordance with their terms, subject to bankruptcy, insolvency, moratorium or other similar law affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

3.10 No Undisclosed Defaults. Except as set forth in Exhibit 3.10 or Exhibit 3.9, neither Company is a party to, or bound by, any contract or arrangement of any kind to be performed after the Closing Date, or is in default with respect to any obligation or covenant on its part to be performed under any obligation, lease, contract, plan or other arrangement, which default would have a material adverse effect upon the Company, taken as a whole.

3.11 Litigation. Except as set forth in Exhibit 3.11, there is no suit, action, proceeding or investigation pending or, to the knowledge of the Shareholders, Company, threatened against or affecting Company (or any of their respective officers or directors in connection with the business of Company), nor is there any outstanding judgment, order, writ, injunction or decree against Company. Neither the Shareholders, Company is aware of any facts which might reasonably be believed to be a basis for any action, suit or proceeding against Company. The Company is not subject to any court order, writ, injunction, decree, settlement agreement or judgment that contains or orders any on-going obligations, whether prohibitory or mandatory in nature, on the part of Company.

3.12 Absence of Certain Changes. Except as disclosed in the unaudited consolidated balance sheet of Company at December 31, 1993, or the related consolidated statement of operations for the period then ended (collectively, the "Company 1993 Financial"), or as set forth in Exhibit 3.12, since the date of the Company 1993 Financial, Company has conducted their respective businesses only in the ordinary and usual course, and none of the following have occurred or arisen:

3.12.a Any material, adverse change in the assets, liabilities, capitalization or working capital of Company taken as a whole, or in the financial condition, business, prospects or results of operations of Company taken as a whole.

3.12.b Any loss or damage to any of the properties of Company (whether or not covered by insurance) which materially impairs the ability of Company taken as a whole to conduct their business.

3.12.c Any obligation or liability, contingent or otherwise, except normal trade or business obligations incurred in the ordinary course of business.

3.12.d The creation of any Encumbrance on any of the assets of Company or the amendment, modification or extension of any existing Encumbrance on any such asset, except for unrecorded mechanic's liens, broker's liens and liens for current taxes and assessments not yet due which, in the aggregate, would not have a material adverse effect upon the Company taken as a whole.

3.12.e Any sale, assignment, transfer, conveyance, lease, hypothecation, abandonment, or other disposition of or agreement to sell, assign, transfer, convey, lease, hypothecate, or otherwise dispose of, any of the assets of Company, other than inventory sold in the ordinary course of business at then prevailing market prices or any assets which are scrapped as obsolete in conformance with customary procedure.

3.12.f Any waiver or release of any rights, including the cancellation of any debt or accounts receivable, whether or not in the ordinary course of business.

3.12.g Settlement of a claim, lawsuit, or proceeding at law or in equity involving (i) any payment by Company of any amount over $1,000, individually or in the aggregate; (ii) any stipulation of fact or admission of liability; or (iii) any obligation of Company of any continuing nature.

3.12.h The execution, delivery or performance of any agreement with (i) the Shareholders; (ii) any of the officers, directors, stockholders, or employees of Company or (iii) any affiliates thereof.

3.12.i Any labor dispute or attempt to organize any of the employees of Company.

3.12.j Any increase in the compensation, rate of compensation, or compensation payable or to become payable to any of the officers, directors, employees, consultants, or agents of Company, other than raises or increases in compensation consistent with prior policy which are not in excess of 5% of the individual's annual compensation or information, as the case may be.

3.12.k Any change in any bonus, profit-sharing, pension, stock option, retirement or other similar plan, agreement or arrangement.

3.12.l The adoption of any new bonus, profit-sharing, pension and stock option, retirement, group life or health insurance, or other similar plan, agreement or arrangement.

3.12.m Any accrual, arrangement for, or payment of, any bonus or severance or termination pay to any present or former officer, director or salaried employee.

3.12.n Any transaction, or any agreement, contract, or commitment involving the assets of Company, other than in the ordinary course of business.

3.12.o Any amendment, modification, or cancellation of any contract, agreement, license, or arrangement to which Company is a party or to which any of their properties or assets are subject.

3.12.p Any condemnation or taking of any asset or property of Company, or any pending or threatened condemnation or taking of any asset or property of Company.

3.12.q Any change in the charter or bylaws of Company or in the number of outstanding shares of the authorized capital stock of Company.

3.12.r Any issuance of capital stock or evidence of indebtedness or other securities, or the grant of any options, warrants or other rights to purchase or convert any obligation into capital stock or any evidence of indebtedness or other securities of Company.

3.12.s Any declaration, setting aside for payment or payment of any dividend or other distribution with respect of any capital stock or other securities of Company, or any direct or indirect redemption, purchase or other acquisition of any such stock or security.

3.12.t Any loss, cancellation, termination, amendment or modification of any material lease to which Company is a party.

3.12.u Any failure to pay when due any lease obligation, obligation for borrowed money, or material account payable or any default in respect to any other material contractual obligation to which Company is subject.

3.12.v Any borrowing or agreement to borrow funds from any person or any guaranty of payment or performance with respect to any such arrangement.

3.12.w Any loan or advance of funds to the Shareholders, or any of them, or to the officers, directors or employees of Company or any of their affiliates, except for loans or advances made to employees in accordance with the customary business practices for the purpose of defraying ordinary and necessary business expenses incurred by such employees in the usual course and scope of their employment.

3.12.x Capital expenditures exceeding $10,000 in the aggregate.

3.12.y Any amendment or restatement of any of the Company Financial Statements.

3.12.z Any other event which would have a material, adverse effect on the assets, liabilities, business, prospects, operations or financial condition of Company taken as a whole.

3.13 Licenses, Permits, Authorizations, Etc. Exhibit 3.13 sets forth a true, complete and correct list of all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of all governmental agencies, whether federal, state or local, domestic or foreign, held by Company. The Company has obtained all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits of any type required to operate their businesses as presently conducted, unless the failure to obtain such permits would not have a material adverse effect upon the Company, taken as a whole. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any

revocation, cancellation, suspension or modification of any such approval, authorization, consent, license, order, franchise, right, registration or permit.

3.14 Title to Assets; Encumbrances.

3.14.a Except as set forth in Exhibit 3.14, Company has good and marketable title to their assets, whether real, personal or intangible, including, without limitation, the assets reflected in the Company 1993 Financial, except assets since sold or otherwise disposed of in the ordinary course of business, free and clear of all Encumbrances except (i) as reflected in the Company 1993 Financial; (ii) liens for current taxes and assessments not yet due or being contested in good faith by appropriate proceedings; and (iii) unrecorded mechanic's liens and broker's liens which, in the aggregate, would not have a material adverse effect upon the Company, taken as a whole.

3.14.b There are no parties in possession of any of the assets of Company other than Company. Company enjoys, and full, free and exclusive use and quiet enjoyment of their assets and their rights pertaining thereto. Company enjoys peaceful and undisturbed possession under all leases under which they are lessees, and all such leases are legal, valid and binding obligations of Company, enforceable against Company, as the case may be, in accordance with their respective terms.

3.15 Taxes and Returns. Company has filed all tax returns and reports required to be filed by them. Company has paid all taxes, assessments and governmental charges and penalties which they have incurred, except such as are being contested in good faith by appropriate proceedings. The Company 1993 Financial reflect an adequate accrual, based on the facts and circumstances existing as of the date thereof, for all taxes payable by Company (whether or not shown in any return) through the date thereof. Neither Company is delinquent in the payment of any tax, assessment or governmental charge. No deficiencies for any taxes have been proposed, asserted, or assessed against Company, and no requests for waivers of the time to assess any such tax are pending. Attached to Exhibit 3.15 are true, complete and correct copies of all tax returns and reports filed by Company since January 1, 1989. For the purposes of this Agreement, the term "tax" (including, with correlative meaning, the terms "taxes" and "taxable") shall include all federal, state, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, withholding, excise and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts.

3.16 Employee Benefit Plans.

3.16.a Exhibit 3.16 sets forth with respect to Company a true, complete and correct list of all bonus, incentive compensation, profit-sharing, retirement, pension, group insurance, death benefit, or other employee welfare or fringe benefit plans of Company, together with copies of any reports or analyses prepared with respect to such plans, arrangements or trust agreements since January 1, 1989, whether or not such reports or analyses were filed with any Governmental agency.

3.16.b Company does not currently sponsor, maintain, or contribute to, nor has Company at any time sponsored, maintained, or contributed to, any employee benefit plan which is or was subject to any of the provisions of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in which any of their employees are or were participants (whether or not on an active or frozen basis).

3.17 Employment Agreements. Attached hereto as Exhibit 3.17 are true, complete and correct copies of all written employment or consulting agreements to which Company is a party or by which Company is bound. Except as set forth in Exhibit 3.17, Company is not party to, or has any liability or obligation under, any oral or written employment or consulting agreement with any person or any other arrangement which provides for the payment of any consideration by Company (or Buyer) to such person as a result of the termination of such person's employment with Company on the consummation of the transactions contemplated hereby.

3.18 Employment Practices. There are no labor or employment disputes or controversies pending, or, to the knowledge of the Shareholders, threatened against Company or their respective employees or any party or parties representing Company. Company has complied with the Occupational Safety and Health Act and have complied with all other laws relating to the employment of labor including, without limitation, laws relating to equal employment opportunity and employment discrimination, employment of illegal aliens, wages, hours and collective bargaining. Notwithstanding anything herein to the contrary, Company has complied with all laws relating to the collection and payment of social security and withholding taxes, or both, and similar taxes. Company is not liable for any arrearage of wages or any taxes or penalties for failure to comply with any of the foregoing. There are no organizational efforts presently being made or threatened by or on behalf of any labor union with respect to any employees of Company.

3.19 Insurance. Exhibit 3.19 sets forth a true, complete and correct list of all policies of property, fire and casualty,

product liability, worker's compensation, professional liability and title insurance and other forms of insurance except group, health and life policies described in Exhibit 3.16, under which Company is insured. Exhibit 3.19 also sets forth a true, complete and correct list and description of any bonds issued or posted by any person which respect to any operations or other activities of Company. Attached to Exhibit 3.19 are true, complete and correct copies of all agreements, contracts, commitments, plans, leases, policies, instruments and other documents respecting the matters discussed in this Section §3.19. Each of the policies and bonds listed on Exhibit 3.19 is the legal, valid and binding obligation of the insurer or bond issuer, enforceable in accordance with its terms as to which no termination or non-renewal notice has been received, and is in an amount and provides for coverage as is customary in the solid waste collection, transportation and disposal industry.

3.20 Accounts Receivable. Exhibit 3.20 sets forth a true, complete and correct list of all accounts and notes receivable of Company as of March 28, 1994, in an aged receivables format, which list separately states all amounts receivable from any director, officer, employee, or agent of Company, from any Shareholder or from any of their respective affiliates. Except as set forth in Exhibit 3.20, all accounts and notes receivable of Company reflected in Exhibit 3.20 are properly earned and recognized in accordance with generally accepted accounting procedures and are the valid, legal and binding obligations of their respective debtors, not subject to any right of set-off, each evidenced by written contracts.

3.21 Condition of Assets. Except as set forth in Exhibit 3.21, the buildings, structures, equipment and other tangible assets of Company are in good condition and repair, ordinary wear and tear excepted, and are adequate for the uses as to which they are being put. The buildings, structures, equipment and other tangible assets of Company are sufficient for the continued conduct of their business after the Closing Date in the same manner as it was conducted prior to the Closing Date. Except as set forth in Exhibit 3.21, the maintenance, operation, use or occupancy by Company of any real property or tangible personal property does not violate any zoning, building, health, environmental, fire, safety or similar law or ordinance, order or regulation of any Governmental Entity or the certificate or certificates of occupancy issued or to be issued by any Governmental Entity for such real property.

3.22 Compliance with Law. Except as set forth in Exhibit 3.22, Company is in compliance with and are not in violation of or in default with respect to, or in alleged violation of or alleged default with respect to, any applicable law, rule,

regulation or statute applicable to the operations of Company, or any order, permit, certificate, writ, judgment, injunction, decree, determination, award or other decision of any court or any Governmental Entity to which Company is a party or by which Company is bound. Company is not delinquent with respect to (a) any report required to be filed with any Governmental Entity; or (b) the preparation and delivery of any reports required by private agreements to which Company is a party.

3.23 Hazardous Wastes and Substances. Except as set forth in Exhibit 3.23, the operations of Company nor the use of their assets violates any applicable federal, state or local law, statute, ordinance, rule, regulation, memorandum of understanding, order or notice requirement pertaining to the collection, transportation, storage, treatment, discharge, release or disposal of hazardous or non-hazardous waste or substances, including without limitation (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 *et seq.*), as amended from time to time ("CERCLA") (including, without limitation, as amended pursuant to the Superfund Amendments and Reauthorization Act of 1986), and such regulations promulgated under CERCLA, (ii) the Resources Conservation and Recovery Act of 1976 (42 U.S.C. §§6901 *et seq.*), as amended from time to time ("RCRA"), and such regulations promulgated under RCRA, (iii) any applicable federal, state or local laws or regulations relating to the environment (collectively, the "Applicable Environmental Laws"). Except as set forth in Exhibit 3.23, none of the operations of Company has ever been conducted nor have any of their assets been used in such a manner as to constitute a violation of any of the Applicable Environmental Laws. Except as set forth in Exhibit 3.23, no notice has been served on Company or the Shareholders, by any person or Governmental Entity regarding any existing, pending or threatened investigation or inquiry related to violations under any Applicable Environmental Law, or regarding any claims for corrective action, remedial obligations or contribution for removal costs or damages under any Applicable Environmental Law or regarding the designation of Company, the Shareholders or any of their affiliates as a potentially responsible party for any facility under the Applicable Environmental Laws, nor, to the knowledge of the Shareholders and Company does any fact or circumstance exist which, if disclosed publicly, would be reasonably likely to result in the service on Company or the Shareholders, of any such notice. Except as set forth in Exhibit 3.23, neither the Shareholders or Company knows of any reason Buyer would be required to obtain permits, licenses or similar authorization pursuant to any Applicable Environmental Law in effect as of the date of this Agreement to operate and use any of Company's assets for their current purposes and uses. Neither the Shareholders or Company knows of any action taken, or omitted to be taken by Company which has caused, or would be reasonably likely to cause, a "release" of any "hazardous substance" at any

"facility", without limitation, within the meaning of such terms as defined in the Applicable Environmental Laws.

3.24 Underground Storage Tanks. Except as set forth in Exhibit 3.24, there are not, nor have there ever been (i) any underground storage tanks ("USTs") located at, on or under any real property owned or leased, or previously owned or leased by the Company; or (ii) any underground pipes located at, on or under any real property owned or leased, or previously owned or leased by the Company, connected (or previously connected) to any USTs, wherever located. Except as set forth in Exhibit 3.24, the Company has never owned, leased or operated, or permitted the installation of, any USTs at, on or under any real property owned or leased, or previously owned or leased by the Company.

3.25 Transactions with Management. Except as set forth in Exhibit 3.25, Company is not party to any contract, lease or commitment with any of its officers, directors, employees, or agents, or with any of the Shareholders, or with any affiliate of any such person. None of the officers, directors, employees of Company or the Shareholders owns, leases or licenses to any interest in any asset used by Company in its business, other than solely by and through ownership of the capital stock of Company.

3.26 Assumed Names. Except as set forth in Exhibit 3.26, Company does engages in or conducts any business under any assumed or fictitious name.

3.27 Personnel. Exhibit 3.27 sets forth a true, complete and correct list, with respect to Company of the following information: (i) the name, current salary or wage rate of each employee; (ii) the last raise date and amount of any raise received by each employee; (iii) the current bonus arrangements applicable to each employee; (iv) the last bonus date and the amount of bonus awarded to each employee; (v) any other material compensation arrangements (excluding employee insurance or benefit plans described in Exhibit 3.16) with each employee; and (vi) a description of any licenses held by an employee which are germane to the business of the Company.

3.28 Bank Accounts and Powers of Attorney. Exhibit 3.28 sets forth a true, complete and correct list of the names and addresses of each bank or other financial institution in which Company has an account or safe deposit box, the account number, the account name and type of account, the names of all persons authorized to draw thereon and have access thereto, and the name of all persons, if any, holding powers of attorney to act for the Company. Exhibit 3.28 further sets forth a true, complete and correct list of the names and addresses of all persons, other than officers and full-time employees, authorized to bind Company, contractually,

including, without limitation, independent marketing agents or independent contractors.

3.29 Books and Records. All the books, records, minute books and work papers of Company have been delivered to or will be made available for inspection by the Buyer on or before the Closing Date. Such books, records, minute books or workpapers represent all of the records of the Company relating to the conduct of their business, are true and correct in all respects, and have been maintained in a manner consistent with standard industry practice and applicable laws and regulations.

3.30 Information Supplied. No written statement, certificate, schedule, list or other written information furnished by or on behalf of Company to Buyer prior to the date hereof in connection herewith contains (after giving effect to any correction thereof furnished to Buyer in writing prior to the date hereof), any untrue statement of a material fact or omits or will omit to state a material fact required to be stated therein or necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

3.31 Revenue Guarantees. All customers (the "Customers") of Company, as shown on the Company customer lists, are presently receiving services from Company. The average monthly revenues from providing services to the Customers for the three month period April, May and June, 1994 (the "Test Period"), will not be less than an average of $155,000 per month (the "Required Revenues") during the Test Period. The revenues during the Test Period will also be equitably adjusted for each customer account lost as a result of a price increase. In the event Buyer should determine that actual average monthly revenues during the Test Period are less than the Required Revenues, an amount equal to 12.0 times any such deficiency shall be deemed to be the amount of Buyer's liquidated damages incurred as a result of the breach of the Required Revenues representation and warranty during the Test Period. Any revenues previously generated from companies acquired within the last 30 days or to be acquired by Buyer within the test period will be considered in satisfying the Required Revenues.

4. ARTICLE 4 - OBLIGATIONS PENDING CLOSING DATE

4.1 Agreements of Buyer and Shareholders. Buyer and each of the Shareholders agrees that from the date hereof to the Closing Date, Buyer and the Shareholders shall cause the Company to:

4.1.a Maintenance of Present Business. Except as contemplated by this Agreement or as set forth in Exhibit 4.1, use its best efforts to operate its business only in the

usual, regular, and ordinary manner so as to maintain the goodwill it now enjoys and, to the extent consistent with such operation, use all reasonable efforts to preserve intact its present business organization, keep available the services of its present officers and employees, and preserve its relationship with customers, suppliers, jobbers, distributors, and others having business dealings with it.

4.1.b Maintenance of Properties. At its expense, use its best efforts to maintain all of its property and assets in customary repair, order, and condition, reasonable wear and use and damage by fire or unavoidable casualty excepted.

4.1.c Maintenance of Books and Records. Maintain its books of account and records in the usual, regular, and ordinary manner, in accordance with generally accepted accounting principles applied on a consistent basis.

4.1.d Compliance with Law. Use its best efforts to duly comply in all material respects with all laws applicable to it and to the conduct of its business.

4.1.e Inspection of Buyer and of Company. Grant to the other parties hereto, and their officers and authorized representatives the right, during normal business hours, to inspect its records and to consult with its officers, employees, attorneys, and agents for the purpose of determining the accuracy of the representations and warranties hereinabove made and the compliance with covenants contained in this Agreement. Buyer and each of the Shareholders agree that it and its officers and representatives shall hold all data and information obtained with respect to the other parties hereto in the same degree of confidence as it maintains with respect to similar information concerning itself, and each further agrees that it will not use such data or information or disclose the same to others, except to the extent such data or information either is, or becomes, published or a matter of public knowledge.

4.1.f Right of Set-Off.

4.1.f.(i) The Buyer and Shareholder agree that Buyer shall have the right of set off against the Buyer's Common Stock (described in Section 1.1) any loss, damage, cost or expenses for which the Shareholder may be responsible pursuant to this agreement, whether or not indemnified as described in Section 7.1 of this Agreement, subject, however, to the following terms and conditions:

4.1.f.(ii) the Buyer shall give notice, in accordance with Section 8.2 of this Agreement, to Shareholders of any claimed breach of any such representation or warranty made or obligation incurred, which notice shall set forth the amount of loss, damage, cost or expense which Buyer claims to have sustained by reason thereof;

4.1.f.(iii) unless otherwise agreed by the parties, set off shall be effected on the date of notice of such claim and such set off shall be charged against the Shares of Common Stock.

4.1.f.(iv) if, such claim is contested, Shareholder shall notify Buyer within 10 days from the date of such notice (the "Notice of Contest Period") of an intention to dispute claim. If such dispute is not resolved within 30 days after Notice of Contest is given (the "Resolution Period"), then such dispute shall be resolved by a committee of three arbitrators (one appointed by the Shareholder one appointed by the Buyer and one appointed by the other two so appointed), which shall be appointed within 60 days after the expiration of the Resolution Period. The arbitrators shall abide by the rules of the American Arbitration Association and their decision shall be made within 45 days from the date of appointment and shall be final and binding on all parties; and

4.1.f.(v) if the amount agreed upon or awarded through arbitration as settlement of such disputed claim ("Settlement Amount") is less than the actual amount of such disputed claim ("Set-Off Amount") then Purchaser agrees to release the difference between the Settlement Amount and Set-Off Amount to Shareholder as appropriate.

4.1.g. The remedies provided for in this section 4.1.f shall be in addition to and not in lieu of any other remedies available to the Purchaser under this Agreement or otherwise.

4.2 Additional Agreements of the Shareholders. Each of the Shareholders agrees that from the date hereof to the Closing Date, they will cause the Company to:

4.2.a Prohibition of Certain Employment Contracts. Not enter into any contracts of employment which cannot be terminated on notice of 30 days or less or which provide for any severance payments or benefits covering a period beyond the earlier of the termination date or notice thereof.

4.2.b Prohibition of Loans. Not incur any borrowings, except in the usual and ordinary course of business, without the prior written consent of Buyer.

4.2.c Prohibition of Certain Commitments. Not enter into a commitment for capital expenditures or incur any liability exceeding $10,000, in the aggregate, except (i) as may be necessary for the maintenance of existing facilities, machinery and equipment in good operating condition and repair in the ordinary course of business or (ii) as is otherwise agreed to in writing by Buyer.

4.2.d Disposal of Assets. Not sell, dispose of, or encumber, any property or assets, except (i) in the usual and ordinary course of business; or (ii) as may be approved in writing by Buyer.

4.2.e Maintenance of Insurance. Maintain insurance upon all its properties and with respect to the conduct of its business of such kinds and in such amounts as is customary in the type of business in which it is engaged, but not less than that presently carried by it, which insurance may be added to from time to time in its discretion; *provided*, that if during the period from the date hereof to and including the Closing Date any of its property or assets are damaged or destroyed by fire or other casualty, the obligations of Buyer and the Shareholders under this Agreement shall not be affected thereby (subject, however, to the provision that the coverage limits of such policies are adequate in amount to cover the replacement value of such property or assets, less commercially reasonable deductible, if of material significance to the assets or operations of Company) but it shall promptly notify Buyer in writing thereof and proceed with the repair or restoration of such property or assets in such manner and to such extent as may be approved by Buyer, and upon the Closing Date all proceeds of insurance and claims of every kind arising as a result of any such damage or destruction shall remain the property of the Company.

4.2.f Acquisition Proposals. Not directly or indirectly (i) solicit, initiate or encourage any inquiries or Acquisition Proposals (defined below) at any time before termination of this Agreement from any person; or (ii) participate in any discussions or negotiations regarding, furnish to any person other than Buyer or its representatives any information with respect to, or otherwise assist, facilitate or encourage any Acquisition Proposal by any other person. As used herein "Acquisition Proposal" means any proposal for a merger, consolidation or other business combination involving Company or for the acquisition or

purchase of any equity interest in, or a material portion of the assets of, Company, other than the transactions with Buyer contemplated by this Agreement. The Shareholders shall promptly communicate to Buyer the terms of any such written Acquisition Proposals which they may receive or any written inquiries made to it or any of its directors, officers, representatives or agents.

4.2.g No Amendment to Articles of Incorporation. Not amend its Articles of Incorporation or merge or consolidate with or into any other corporation or change in any manner the rights of its common stock or the character of its business.

4.2.h No Issuance, Sale, or Purchase of Securities. Except as contemplated by this Agreement, neither the Shareholders nor the Company issue or sell, or issue options or rights to subscribe to, or enter into any contract or commitment to issue or sell (upon conversion or otherwise), any shares of its capital stock (except upon exercise of presently outstanding employee stock options), or subdivide or in any way reclassify any shares of its capital stock, or acquire, or agree to acquire, any shares of its capital stock.

4.2.i Prohibition on Dividends. Except as set forth in Exhibit 4.1, not declare or pay any dividend on shares of its capital stock or make any other distribution of assets to the holders thereof.

4.2.j Notice of Material Developments. Promptly notify Buyer in writing of any material, adverse change in, or any changes which in the aggregate could result in a material, adverse change in, the business, properties, condition (financial or otherwise), results of operations or prospects of Company, whether or not occurring in the usual and ordinary course of its business.

4.2.k Closing Date Indebtedness. Not allow the aggregate amount of Closing Date Indebtedness, excluding trade accounts payable, to exceed $804,841 to be adjusted at month's end consistent with this agreement.

4.2.l Payments. Not delay or postpone the payment of accounts payable and other current liabilities outside the ordinary course of business.

4.3 Additional Agreements of Buyer. Buyer agrees that it will:

4.3.a Corporate Approvals. Call and hold a meeting of its board of directors for the purpose of authorizing this Agreement and the transactions contemplated hereby.

4.3.b Notice of Material Developments. Promptly furnish to the Company copies of all Buyer communications to its stockholders and all reports filed by it with the SEC, and relating to periodic or other material developments concerning Buyer's financial condition, business, or affairs.

4.3.c Current Report on Form 8-K. Prepare and submit to Company for its review and approval prior to filing with the SEC, a Current Report on Form 8-K with regard to the transactions contemplated by this Agreement within 10 days after the Closing Date.

5. ARTICLE 5 - THE CLOSING

5.1 Time and Place. The closing of the Exchange ("Closing") is contemplated to occur at 7:00 a.m. on March 29, 1994 and will be adjusted at month's end consistent with this Agreement provided, however, that in no event shall the Closing occur later than May 1, 1994 at the offices of Allied Waste Industries, Inc., 935 West 175th Street, Suite 200, Homewood, Illinois 60430 unless another time and place are agreed to by the parties.

5.2 Conditions to Obligations of Buyer Prior to Closing. Prior to the Closing, the Shareholders shall deliver or cause to be delivered to Buyer the following:

5.2.a Certificates of the Secretary of State of each relevant jurisdiction dated not more than ten days prior to the Closing Date, attesting to the organization and good standing of Company as a corporation in its jurisdiction of incorporation. (Exhibit 5.2.a.)

5.2.b Copies, certified by the Secretary of State of each relevant jurisdiction as of a date not more than ten days prior to the Closing Date of the articles or certificate of incorporation of Company, and all amendments thereto. (Exhibit 5.2.b.)

5.2.c Copies, certified by the Secretary of Company as of the Closing Date, of the bylaws of Company and all amendments thereto. (Exhibit 5.2.c.)

5.2.d The written opinion of Hoogendoorn, Talbot, Davids, Godfrey & Milligan, counsel to Company, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.2.f.

5.2.e The Employment Agreements and Non-Competition Agreements for Shareholder in form attached hereto as Exhibit 5.2.f.

5.2.f Any permits necessary to the operations of the Company's business amended to adequately reflect any change of control or other amendment necessary to reflect the Exchange. (Exhibit 5.2.g.)

5.2.g Certificates representing 100% of the outstanding shares of the Company Common Stock. (Exhibit 5.2.h.)

5.2.h The Schedules and Company Financial required in Article 3, delivered to Buyer at Closing Date, which Schedules and Company Financial shall be satisfactory to Buyer.

5.2.i Completion by Buyer of a due diligence review of the Company, which review shall be reasonably acceptable to Buyer and completed prior to closing.

5.2.j The resignation of all current officers and directors of the Company. (Exhibit 5.2.l.)

5.3 Conditions to the Obligations to Shareholders. Prior to the Closing, Buyer shall deliver, or cause to be delivered, to the Shareholders the following:

5.3.a The written opinion of Thomas K. Kehoe, counsel to Buyer, dated as of the Closing Date, in substantially the form attached hereto as Exhibit 5.3.a.

5.3.b The Employment Agreements required in Section 5.2.f hereof. (Exhibit 5.2.f.)

5.3.c The Common Stock required by Article 1.

6. ARTICLE 6 - TERMINATION AND ABANDONMENT

6.1 Termination. Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated and the Exchange contemplated hereby abandoned at any time (whether before

or after the approval and adoption thereof by the stockholders of Company) before the Closing Date:

6.1.a By Mutual Consent. By mutual consent of Buyer and the Shareholders.

6.1.b By Buyer Because of Failure to Perform Agreements or Conditions Precedent. By Buyer if the Shareholders have failed to perform any agreement set forth herein, or if any condition set forth in Article 5 hereof has not been met and has not been waived. Election by Buyer to terminate this Agreement pursuant to this Section 6.1(b) shall not limit any other right or remedy of Buyer.

6.1.c By the Shareholders Because of Failure to Perform Agreements or Conditions Precedent. By the Shareholders, if Buyer has failed to perform any agreement set forth herein, or if any condition set forth in Article 5 hereof has not been met and has not been waived. Election by the Shareholders to terminate pursuant to this Section 6.1(c) shall not limit any other right or remedy of the Shareholders.

6.1.d By Buyer or the Shareholders Because of Legal Proceedings. By either Buyer or the Shareholders if any suit, action, or other proceeding shall be pending or threatened by the federal or a state government before any court or governmental agency, in which it is sought to restrain, prohibit, or otherwise affect the consummation of the Exchange.

6.1.e By Buyer Because of Dissenting Shareholders. By Buyer, if the holders of any shares of Company Common Stock elect not to participate in the Exchange.

6.2 Termination by Board of Directors. An election by Buyer to terminate this Agreement and abandon the Exchange as provided in this Article shall be exercised on behalf of Buyer by its board of directors.

6.3 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to and in accordance with the provisions of this Article other than Section 6.1(b) and 6.1(c), this Agreement shall become void and have no effect, without any liability on the part of any party hereto (or its stockholders or controlling persons or directors or officers), except as provided in Section 6.5.

6.4 Waiver of Conditions. Subject to the requirements of any applicable law, any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the

benefit thereof, by itself in the case of an individual, or by action taken by its board of directors, the executive committee of its board of directors, or its president, in the case of a corporation.

6.5 Expense on Termination. If the Exchange is abandoned pursuant to and in accordance with the provisions of this Article, all expenses will be paid by the party incurring them.

7. ARTICLE 7 - INDEMNIFICATION

7.1 Shareholders' Indemnification of Buyer. The Shareholders hereby agree that they shall, jointly and severally, defend and hold Buyer, its officers, directors, employees, subsidiary and parent corporations and Buyer's successors and assigns harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that such indemnified persons shall incur or suffer, which arise, result from or relate to (i) any breach by Company or the Shareholders of any of their respective representations and warranties, or any failure by Company or the Shareholders to perform any of their respective covenants or agreements set forth in this Agreement or in any Schedule, Exhibit, the Company Financial Statements, or other instrument furnished or to be furnished by or on behalf of Company or the Shareholders under this Agreement, or (ii) arising out of the conduct of the business of the Company prior to the Closing Date.

7.2 Buyer's Indemnification of Shareholders. Buyer shall indemnify, defend and hold the Shareholders harmless from and against and in respect of any and all claims, costs, damages, losses, expenses, obligations, liabilities, recoveries, suits, causes of action and deficiencies, including interest, penalties and reasonable attorney's fees, that the Shareholders shall incur or suffer, which arise, result from or relate to any breach of or by Buyer of any of its representations and warranties, or any failure by Buyer to perform its covenants or agreements set forth in this Agreement or in any Exhibit or other instrument furnished or to be furnished by or on behalf of Buyer under this Agreement.

7.3 Indemnification Procedure. Promptly after an indemnified party becomes aware of any claim, demand, action, proceeding, event, or condition with respect to which a claim for indemnification may be made pursuant to this Article, such indemnified party shall, if a claim in respect thereof is to be made against any party, give written notice to the latter of the nature of the matter for which a right to indemnification is

claimed (an "Indemnification Claim"); provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of any obligations, except to the extent (and only to the extent) the indemnifying party is materially prejudiced thereby. In case any such Indemnification Claim involves a claim, demand, action, or proceeding by a third party (a "Third Party Claim"), the indemnifying party shall be entitled to assume the defense thereof, jointly with any other indemnifying party similarly notified, with counsel reasonably satisfactory to such indemnified party, such defense to be conducted at the expense of the indemnifying party. After notice from the indemnifying party to such indemnified party of its election to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense of the Third Party Claim, other than reasonable costs of investigation, unless the indemnifying party has failed to assume the defense of such Third Party Claim and to employ counsel reasonably satisfactory to such indemnified person. Notwithstanding any of the foregoing to the contrary, the indemnified party will be entitled to select its own counsel and assume the defense of any Third Party Claim action if the indemnifying party fails to select counsel reasonably satisfactory to the indemnified party or fails to prosecute the defense, the expenses of such defense to be paid by the indemnifying party. No indemnifying party shall consent to entry of any judgment or enter into any settlement with respect to a Third Party Claim without the consent of the indemnified party, which consent shall not be unreasonably withheld. No indemnified party shall consent to entry of any judgment or enter into any settlement of any Third Party Claim the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party, which consent shall not be unreasonably withheld.

7.4 Shareholders' Release of the Company. By the execution of this Agreement, each of the Shareholders releases, remises and forever discharges, the Company and its directors, officers, employees, consultants and agents, and the Company subsidiary, parent and successor corporations, from any cause of action, claim, liability, cost or expense (including attorneys' fees) which the Shareholders, or any of them, may have suffered, or claim to have suffered before the Closing Date arising out of their ownership of Company Common Stock, the operation of Company's business, the execution and delivery of this Agreement, the execution, delivery and performance of any other agreement or action taken in contemplation of this Agreement and the consummation of the transactions contemplated hereby.

7.5 Determination of Claims. An Indemnification Claim (other than any Indemnification Claim involving a Third Party Claim, which

shall be payable as provided in Section 7.3 above) shall be payable under Section 7.1 above by any Shareholder or under Section 7.2 above by Buyer, as applicable, when (i) there is a mutual agreement between the indemnified party and the indemnifying party as to the indemnifying party's liability for such Indemnification Claim and the amount of such liability, or (ii) a final judgment is rendered by a court of competent jurisdiction (and such judgment is not stayed for a period of 60 days) with respect to the indemnifying party's liability for the Indemnification Claim and the amount of such liability.

8. ARTICLE 8 - GENERAL PROVISIONS

8.1 Survival of Representations, Warranties and Agreements. The representations, warranties and agreements contained in this Agreement and in each instrument delivered pursuant to this Agreement shall survive for the periods indicated below and shall not be extinguished by the consummation of the Exchange or any investigation made by or on behalf of any party hereto. All representations and warranties shall survive the Closing for a period of four (4) years from Closing except the representations and warranties contained in Section 3.23 shall survive for a period of ten (10) years after Closing.

8.2 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or on the date transmitted if transmitted by facsimile to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Buyer:

Allied Waste Industries, Inc.
7201 East Camelback Road, Suite 375
Scottsdale, Arizona 85251
Attention: President

(b) If to Shareholder:

Mr. Donald Jay Haan
901 Eastwood Road
Michigan City, Indiana 46360

With Copies to:

Richard D. Boonstra
Hoogendoorn, Talbot, Davids, Godfrey & Milligan
122 South Michigan Avenue, Suite 1220
Chicago, Illinois 60603-6107

8.3 Miscellaneous. This Agreement (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof; (ii) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and is not intended to confer upon any other person any rights or remedies hereunder; (iii) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Texas; and (iv) may be executed in two or more counterparts which together shall constitute a single agreement.

8.4 Publicity. Each of Buyer, Company and each of the Shareholders promptly shall advise and cooperate with the other prior to issuing, or permitting any of its directors, officers, employees or agents to issue, any press release with respect to this Agreement or the transactions contemplated hereby.

8.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, that Buyer may assign its rights hereunder without the consent of the Shareholders.

8.6 Schedules. All statements contained in any Exhibit, Schedule, certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated hereby are an integral part of this Agreement and shall be deemed representations and warranties hereunder. All of the Exhibits and Schedules delivered pursuant to this Agreement shall be bound together, indexed and delivered on or before ten business days prior to the Closing Date.

8.7 Facts "Known" to a Corporation. As used throughout this Agreement, the phrase "known" to a corporation, or any similar variations thereof, means the actual or constructive knowledge of (i) any of the Stockholders and (ii) any of the managerial employees of the Company, past or present, including, without limitation, any employee exercising responsibility for any accounting responsibility for the Company.

8.8 Professional Fees. Buyer Company and each of the Shareholders agree that any and all fees incurred pursuant to the transactions contemplated hereby for engineering, environmental, accounting and legal services (the "Professional Fees"), shall be borne by the party incurring such Professional Fees.

8.9 Governing Law: This Agreement and the rights and obligations of the parties hereto shall be governed, construed, and enforced in accordance with the laws of the State of Illinois

IN WITNESS WHEREOF, Buyer and Shareholders have signed this Agreement as of the date first written above.

BUYER: ALLIED WASTE INDUSTRIES, INC.

By _____
Its _____

COMPANY: WASTEHAUL, INC.

By _____
Its _____

SHAREHOLDER:

_____
DONALD JAY HAAN

EXHIBIT LIST

Exhibit 1.1	Accounts Receivable Credit Formula
Exhibit 2.1	Certificate of Good Standing
Exhibit 2.2	Corporate Authority of Buyer
Exhibit 3.1	Organization, Standing and Qualification
Exhibit 3.3	Corporate Authority of Company
Exhibit 3.4	Violations of Laws
Exhibit 3.5	Options, Warrants, Calls, Rights, Claims
Exhibit 3.7	Company Financials
Exhibit 3.8	Liabilities
Exhibit 3.9	Real Property, Machinery and Equipment, Payables, Contracts
Exhibit 3.10	Undisclosed Defaults
Exhibit 3.11	Litigation
Exhibit 3.12	Changes Since Last Balance Sheet
Exhibit 3.13	Licenses, Permits, Authorizations, Etc.
Exhibit 3.14	Title to Assets; Encumbrances
Exhibit 3.15	Tax Returns and Reports filed since January 1, 1989
Exhibit 3.16	Employee Matters
Exhibit 3.17	Employment Agreements
Exhibit 3.19	Insurance Policies
Exhibit 3.20	Accounts Receivable
Exhibit 3.21	Condition of Assets
Exhibit 3.22	Compliance with Laws
Exhibit 3.23	Hazardous Wastes and Substances
Exhibit 3.25	Transactions with Management
Exhibit 3.26	Assumed Names
Exhibit 3.27	Personnel Matters
Exhibit 3.28	Bank Accounts and Powers of Attorney
Exhibit 5.2.b	Certificate of Good Standing of Company
Exhibit 5.2.c	Certified Copies of Articles of Incorporation of Company
Exhibit 5.2.d	Certified Copies of Bylaws of Company
Exhibit 5.2.g	Opinion of Company's Attorney
Exhibit 5.2.h	Employment Agreements and Non-Competition Agreements
Exhibit 5.2.i	Permits of Shareholders
Exhibit 5.2.j	Shareholders' Stock Certificates
Exhibit 5.2.o	Resignation of Officers of Shareholders
Exhibit 5.2.p	Cancelled Notes
Exhibit 5.3.b	Opinion of Purchaser's Attorney

CCS ENTRY FORM
LAKE CIRCUIT OR SUPERIOR COURT

Filed Stamp Here

Filed in Open Court

MAR 18 1994

Gerald N. Svetanoff
JUDGE
SUPERIOR COURT OF LAKE COUNTY

CASE NUMBER: 45D04-9105-CP-00426

CAPTION: Gary Development Co., Inc.
vs. Wastehaul Inc.

CERTIFICATE OF SERVICE: I certify that on the 14th day of Mar., 1994 service of a true and correct copy of the above and foregoing pleading or paper was made upon each party or attorney of record herein by depositing the same in the U.S. mail in envelopes properly addressed to each of them and with sufficient first-class postage affixed. Maggie Weiland

The activity of the Court should be summarized as follows on the Chronological Case Summary (CCS):

Pltf, Gary Development Co., Inc. moves the court to remove this case from the show cause hrng set 3/22/94 as pltf will proceed with further action.

Pltf files Mtn for Default Judgment (H.I.). Hrng set for April 11th, 1994 at 9:00 A.M.

Thomas J. Scully III, #100-45
Name and I.D. Number of Submitting Attorney
(Firm name, if applicable)

506 Ridge Road, Munster, IN 46321 (219) 836-1380
Address and Telephone Number

Pltf, Gary Development Co., Inc.
Party Represented

Deft., Wastehaul Inc., 1033 E. Summit, Crown Point, IN 46307 (219) 662-0632
Name, Address and Telephone Number of Opposing Counsel
(Or, when appropriate: "Mailing list attached")

****

(TO BE DESIGNATED BY THE COURT)

This CCS Entry Form shall be:

[ ] Placed in case file

[ ] Discarded after entry on the CCS

[ ] Mailed to all counsel by: ___Counsel ___Clerk ___Court

[ ] There is no attached order; or

The attached order shall be placed in the RJO: Yes [] No[]

DATE 3/18/94 APPROVED Gerald N. Svetanoff
Judge

Litigation

2. Gary Development Co., Inc. v. Wastehaul, Inc., Case No. 45D04-9105-CP-00426, in the Superior Court of Lake County Civil Division, Gary, Indiana, involves a claim in the sum of $1,000 - $4,000.

Allied Waste Industries, Inc.

By: _____

Wastehaul, Inc.

By: _____
Donald Jay Haan

_____
Donald Jay Haan

Redacted