

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

SANIFILL, INC.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

801018102

(CUSIP Number)

Gregory T. Sangalis
USA Waste Services, Inc.
5400 LBJ Freeway
Suite 300 - Tower One
Dallas, Texas 75240
(214) 383-7900

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

June 22, 1996

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report
the acquisition which is the subject of this Schedule 13G, and is filing this
schedule because of Rule 13d-1(b) (3) or (4), check the following box: ---

Check the following box if a fee is being paid with the statement: X

CUSIP No. 801018102

1. Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

USA Waste Services, Inc.
73-1309529
2. Check the Appropriate Box if a Member of a Group

(a) --
(b) --
3. SEC Use Only
4. Source of Funds

Not applicable
5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to
Items 2(d) or 2(e):

X

6. Citizenship or Place of Organization

Delaware
- | | |
|--|--|
| Number of Shares
Beneficially
Owned by
Each
Person
With | 7. Sole Voting Power

0 |
| | 8. Shared Voting Power

2,045,852 shares of Common Stock |
| | 9. Sole Dispositive Power

0 |

10. Shared Dispositive Power

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

2,045,852 (includes options to acquire 631,250 shares exercisable within 60 days and debentures convertible into 3,435 shares). (Also includes 68,000 shares held by a limited partnership in which Mr. Warrington, who granted a proxy to the reporting person, is a limited partner. Mr. Warrington disclaims beneficial ownership of such shares).

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares

--

13. Percent of Class Represented by Amount in Row (11)

8.0 %*

14. Type of Reporting Person

CO

- -----

* Assumes 25,030,471 shares of Sanifill, Inc. Common Stock outstanding as of June 15, 1996 as represented by Sanifill, Inc. in the Merger Agreement, dated June 22, 1996, a copy of which is attached hereto as Exhibit A.

ITEM 1. SECURITY AND ISSUER

This Statement on Schedule 13D relates to the beneficial ownership of shares ("Shares") of common stock, par value \$0.01 per share ("Company Common Stock"), of Sanifill, Inc., a Delaware corporation (the "Company"). The address of the Company's principal executive offices is 2777 Allen Parkway, Suite 700, Houston, Texas 77019-2155.

ITEM 2. IDENTITY AND BACKGROUND

(a) This Statement on Schedule 13D is being filed by USA Waste Services, Inc., a Delaware corporation ("USA Waste"). Attached as Appendix A is information concerning the executive officers and directors of USA Waste required to be disclosed in response to Item 2 and General Instruction C to Schedule 13D. Such executive officers and directors may be deemed, but are not conceded to be, controlling persons of USA Waste. No corporation or other person is or may be deemed to be ultimately in control of USA Waste.

(b) The address of the principal business and the principal office of USA Waste is 5400 LBJ Freeway, Suite 300 - Tower One, Dallas, Texas 75240.

(c) USA Waste is an integrated solid waste management company operating in the non-hazardous segment of the industry, including collection, transfer, recycling, disposal and soil remediation.

(d) During the last five years, neither USA Waste nor any of the persons referred to in Appendix A has been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors).

(e) Except as indicated in Appendix A, during the last five years, neither USA Waste nor any of the persons referred to in Appendix A has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding is or was subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) USA Waste is a Delaware corporation, and except as otherwise noted, all persons named in Appendix A are citizens of the United States.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

No funds were used in connection with entering into the Irrevocable Proxies (as such term is defined in Item 4 of this Statement). For a description of other consideration, see Item 4.

On June 22, 1996, USA Waste, Quatro Acquisition Corp., a Delaware corporation which is a wholly owned subsidiary of USA Waste ("Sub"), and the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Sub would be merged (the "Merger") with and into the Company and each outstanding share of Company Common Stock would be converted into a right to receive 1.7 shares of common stock, par value \$0.01 per share, of USA Waste (the "USA Waste Common Stock"). The consummation of the Merger is subject to a number of conditions set forth in the Merger Agreement, including approval of the respective shareholders of USA Waste and the Company and approvals of regulatory authorities.

Pursuant to four Agreement and Irrevocable Proxy with each of Lorne D. Bain, Larry J. Martin, Rodney R. Proto and Alfred C. Warrington, IV (collectively, the "Stockholders" and individually, a "Stockholder"), each such agreement dated June 22, 1996 (collectively, the "Irrevocable Proxies" and individually, an "Irrevocable Proxy"), among USA Waste, the Company and each Stockholder, each Stockholder has granted to USA Waste, with respect to all shares of Company Common Stock beneficially owned by him currently and all shares of any other class of capital stock of the Company presently or at any future time owned beneficially or of record by him, including any and all securities having voting rights issued or issuable in respect thereof, which such Stockholder is entitled to vote (the "Subject Shares"), an irrevocable proxy (i) to vote the Subject Shares in favor of approval of the Merger Agreement and the Merger and any transactions contemplated thereby, (ii) not to vote the Subject Shares in favor of any merger (including, without limitation, a superior proposal), consolidation, sale of assets, reorganization or recapitalization of the Company with any party other than USA Waste or its affiliates, (iii) to vote the Subject Shares against any liquidation or winding up of the Company or any amendment of the Company's Certificate of Incorporation or By-laws or any other transaction or action which is intended to frustrate or impair the right or ability of USA Waste or Sub, on the one hand, or the Company, on the other hand, to consummate the Merger, (iv) in his capacity as a stockholder, not to initiate or engage in discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group, other than USA Waste and its affiliates, concerning the sale of the Subject Shares, or the issuance and sale of Company Common Stock by the Company or, with respect to any merger or other business combination, any disposition or grant of an interest in a substantial asset or any similar transaction involving the Company, and (v) not to transfer, sell, exchange, pledge or otherwise dispose of or encumber any of the Subject Shares or make any offer or agreement relating thereto at any time prior to the termination of the Irrevocable Proxy. The Irrevocable Proxies were entered into and granted in consideration of USA Waste entering into the Merger Agreement.

No cash payments, other than in respect of fractional shares, will be made to the shareholders of the Company in connection with the Merger.

USA Waste entered into the Irrevocable Proxies and thereby acquired shared voting power over the Subject Shares, to which this Schedule 13D relates, as an inducement to enter into and consummate the transactions contemplated by and described in (i) the Merger Agreement, and (ii) the Irrevocable Proxies. It is the intention of USA Waste and the Company that, upon consummation of the Merger, USA Waste will acquire the entire equity interest in and control of the Company.

As a result of the Merger, the Company Common Stock will cease to be listed on the New York Stock Exchange and will no longer be registered pursuant to Section 12(g) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

John E. Drury, Chairman and Chief Executive Officer of USA Waste, will retain that position, and Rodney R. Proto, President, Chief Operating Officer and Director of Sanifill will assume these positions at USA Waste. Donald F. Moorehead, Jr., Vice Chairman and Chief Development Officer, and Earl E. DeFrates, Executive Vice President and Chief Financial Officer, will retain these positions at USA Waste. Mr. Proto and two designees from Sanifill's Board will join USA Waste's Board, which will remain a twelve person board.

Lorne D. Bain, Chairman and Chief Executive Officer of Sanifill, and J. Chris Brewster, its Chief Financial Officer, will relinquish their posts. David Sutherland-Yoest, USA Waste's current President and Chief Operating Officer, will continue to serve the combined company as Regional Vice President of operations in the northeastern U.S. and Canada, as well as being a Vice Chairman and Director of the Board. In connection with the merger, USA Waste will move its headquarters to Houston, Texas.

The filing of this Statement shall not be construed as an admission by USA Waste that, for purposes of Sections 13(d) and 13(g) of the Exchange Act, USA Waste is the beneficial owner of the Subject Shares to which this Statement on Schedule 13D relates.

USA Waste may change any of its current intentions, acquire a beneficial interest in additional shares of Company Common Stock, sell or otherwise dispose of all or any part of the Company Common Stock beneficially owned by USA Waste, or take any other action with respect to the Company or any of its equity securities in any manner permitted by law. Reference is hereby made to Articles I, II and III of the Merger Agreement for a description of other transactions or events of the type described in Items (a) through (j) of the instructions to Item 4 of Schedule 13D. Except as disclosed in this Item 4, USA Waste does not have any current plans or proposals that relate to or would result in any of the events described in Items (a) through (j) of the instructions to Item 4 of Schedule 13D.

The foregoing response to this Item 4 is qualified in its entirety by reference to the Merger Agreement, the full text of which is filed as Exhibit A hereto and incorporated herein by reference, and the Irrevocable Proxies, the full text of each of which is filed as Exhibit B hereto and incorporated herein by reference.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) The Company reported in the Merger Agreement that it had outstanding on June 15, 1996 an aggregate of 25,030,471 shares of Company Common Stock. The number of shares of Company Common Stock as to which USA Waste shares voting power is 2,045,852 shares, or approximately 8.0% of the class of such securities (which includes (i) options to acquire 631,250 shares of Common Stock exercisable within 60 days, or approximately 2.5% of the class of such securities, (ii) debentures convertible into 3,435 shares of Common Stock, or less than 0.1% of the class of such securities, and (iii) 68,000 shares of Common Stock, or approximately 0.3% of the class of such securities, held by a limited partnership in which Mr. Warrington (who granted a proxy to USA Waste) is a limited partner and to which Mr. Warrington disclaims beneficial ownership). Beneficial ownership of such shares was acquired as described in Item 4. Although USA Waste does not admit that, for purposes of Sections 13(d) and 13(g) of the Exchange Act, USA Waste is the beneficial owner of the Subject Shares to which this Statement on Schedule 13D relates, if USA Waste were deemed to be the beneficial owner of the Subject Shares it would beneficially own 2,045,852 shares, or approximately 8.0% of the class of such securities.

(b) The number of shares of Company Common Stock as to which there is sole power to direct the vote, shared power to vote or to direct the vote, sole power to dispose or direct the disposition or shared power to dispose or direct the disposition for USA Waste is set forth in the cover page, and such information is incorporated herein by reference. To the knowledge of USA Waste, the persons listed on Appendix A in response to Item 2 do not beneficially own any shares of Company Common Stock. USA Waste shares the power to vote the Subject Shares with the Stockholders. The applicable information required by Item 2 with respect to the Stockholders is attached hereto as Appendix B.

(c) There have been no reportable transactions with respect to the Company Common Stock within the last 60 days by USA Waste except for the acquisition of beneficial ownership of the shares being reported on this Schedule 13D.

(d) With respect to the Subject Shares, each Stockholder has the right to receive dividends, but does not have the right (except for a limited right to transfer such shares granted to Mr. Warrington) to sell such shares.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

The responses to Item 2, Item 3 and Item 4, the Merger Agreement and the Irrevocable Proxies are incorporated herein by reference.

MATERIAL FILED AS EXHIBITS

The following are filed herewith as Exhibits to this Schedule

13D:

- A. Agreement and Plan of Merger, dated as of June 22, 1996, by and among USA Waste Services, Inc., Quatro Acquisition Corp. and Sanifill, Inc.
- B. Irrevocable Proxy, dated June 22, 1996, among USA Waste Services, Inc., Sanifill, Inc., and Mr. Lorne D. Bain; Irrevocable Proxy, dated June 22, 1996, among USA Waste Services, Inc., Sanifill, Inc., and Mr. Larry J. Martin; Irrevocable Proxy, dated June 22, 1996, among USA Waste Services, Inc., Sanifill, Inc., and Mr. Rodney R. Proto; and Irrevocable Proxy, dated June 22, 1996, among USA Waste Services, Inc., Sanifill, Inc., and Mr. Alfred C. Warrington.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: July 2, 1996

USA Waste Services, Inc.

By: /s/ BRUCE E. SNYDER

Name: Bruce E. Snyder
Title: Vice President, Controller
& Chief Accounting Officer

DIRECTORS AND EXECUTIVE OFFICERS
OF USA WASTE SERVICES, INC.

The following table sets forth the name, business address and present principal occupation or employment of each director and executive officer of USA Waste. Unless otherwise indicated below, each such person is a citizen of the United States of America, and the business address of each such person is c/o USA Waste Services, Inc., 5400 LBJ Freeway, Suite 300 - Tower One, Dallas, Texas 75240. Except as indicated below, during the last five years, none of the persons listed below has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), nor has any of such persons been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; BUSINESS ADDRESS
-----	-----
John E. Drury	Chairman of the Board, Chief Executive Officer and Director
Donald F. Moorehead, Jr.	Vice Chairman of the Board and Director
David Sutherland-Yoest	President and Director
George L. Ball	Director; Mr. Ball is currently nonexecutive Chairman of the Board and a director of Sanders Morris Mundy Inc., 767 Fifth Avenue, 23rd Floor, New York, New York 10153
Peter J. Gibbons	Director; Mr. Gibbons is currently retired; his address is 740 Tennis Avenue, Ambler, Pennsylvania 19002
Richard J. Heckmann	Director; Mr. Heckmann is Chairman, President and Chief Executive Officer of United States Filter Corporation, 73-710 Fred Waring Drive, Suite 222, Palm Desert, California 92260
William E. Moffett	Director; Mr. Moffett is currently retired; his address is 102 Rockwood Drive, Pittsburgh, Pennsylvania 15238

Alexander W. Rangos	Vice Chairman of the Board and Director
John G. Rangos, Sr.	Director; Mr. Rangos is currently retired; his address is c/o USA Waste Services, Inc., 10700 Frankstown Road, Pittsburgh, Pennsylvania 15235. In connection with the settlement of the Securities and Exchange Commission's (the "Commission") investigation with respect to the accounting method and the accuracy of the financial statements of Chambers Development Company, Inc. ("Chambers"), of which Mr. Rangos was Chairman and Chief Executive Officer, on May 9, 1995, the Commission instituted administrative proceedings against Mr. Rangos and three other individuals who had been or were at that time officers of Chambers. The Commission found, inter alia, that Mr. Rangos was a cause of Chambers' violations of the reporting, internal controls and record keeping provisions of the Exchange Act. Mr. Rangos consented to the issuance of a cease and desist order without admitting or denying the Commission's findings.
Kosti Shirvastian	Director; Mr. Shirvastian founded Western Waste Industries ("Western"), which was merged into and became a wholly owned subsidiary of USA Waste, in 1955 as a sole proprietorship. He has served as Western's Chairman of the board of Directors, President and Chief Executive Officer since Western's incorporation in 1964.
Savay Tufenkian	Director; Ms. Tufenkian helped to establish Western in 1955 and has served as the Secretary and Treasurer of Western since its incorporation in 1964. In 1988, she was elected as Executive Vice President, Secretary and Treasurer.
Earl E. DeFrates	Executive Vice President and Chief Financial Officer
Charles A. Wilcox	Executive Vice President - Operations
Gregory T. Sangalis	Vice President, General Counsel and Secretary
Bruce E. Snyder	Vice President, Corporate Controller and Chief Accounting Officer
Hubert J. Bourque	Vice President - Environmental Affairs and Chief Compliance Officer; Mr. Bourque is a citizen of Canada
James R. Jones	Vice President - Engineering Services

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; BUSINESS ADDRESS; LITIGATION; CITIZENSHIP
-----	-----
Lorne D. Bain	Chairman of the Board, President and Chief Executive Officer of Sanifill, Inc., 2777 Allen Parkway, Suite 700, Houston, Texas 77019-2155; During the last five years, Mr. Bain has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has he been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.
Larry J. Martin	Vice-Chairman of the Board of Sanifill, Inc., 2777 Allen Parkway, Suite 700, Houston, Texas 77019-2155; During the last five years, Mr. Martin has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has he been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.
Rodney R. Proto	President, Chief Operating Officer and a Director of Sanifill, Inc., 2777 Allen Parkway, Suite 700, Houston, Texas 77019-2155; During the last five years, Mr. Proto has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has he been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.
Alfred C. Warrington, IV	Director of Sanifill, Inc., 2777 Allen Parkway, Suite 700, Houston, Texas 77019-2155; During the last five years, Mr. Warrington has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has he been a party to a civil

proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

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[MERGER AGREEMENT]

AGREEMENT AND PLAN OF MERGER

DATED AS OF JUNE 22, 1996

BY AND AMONG

USA WASTE SERVICES, INC.,

QUATRO ACQUISITION CORP.

AND

SANIFILL, INC.

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of June 22, 1996 (this "Agreement"), by and among USA Waste Services, Inc., a Delaware corporation ("Parent"), Quatro Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Subsidiary"), and Sanifill, Inc., a Delaware corporation (the "Company");

W I T N E S S E T H:

WHEREAS, the Boards of Directors of Parent, Subsidiary and the Company have approved the merger of Subsidiary with and into the Company on the terms set forth in this Agreement (the "Merger"); and

WHEREAS, Parent, Subsidiary and the Company intend the Merger to qualify as a tax-free reorganization under the provisions of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder;

WHEREAS, in connection with the Merger and as an inducement to the Company to enter into this Agreement, the Company, Parent and the shareholders of Parent listed on the Parent Disclosure Schedule (as defined in Article IV) have executed as of the date hereof a voting agreement in favor of the Company with respect to, among other things, the voting of shares of capital stock of Parent held or to be held by them in favor of the Merger; and

WHEREAS, in connection with the Merger and as an inducement to Parent to enter into this Agreement, Parent, the Company and the shareholders of the Company listed on the Company Disclosure Schedule (as defined in Article V) have executed as of the date hereof a voting agreement in favor of Parent with respect to, among other things, the voting of shares of capital stock of the Company held or to be held by such shareholder in favor of the Merger.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I
THE MERGER

SECTION 1.1. THE MERGER. Upon the terms and subject to the conditions of this Agreement, at the Effective Time (as defined in Section 1.2) in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), Subsidiary shall be merged with and into the Company and the separate existence of Subsidiary shall thereupon cease. The Company shall be the surviving corporation in the Merger and is hereinafter sometimes referred to as the "Surviving Corporation."

SECTION 1.2. EFFECTIVE TIME OF THE MERGER. The Merger shall become effective at such time (the "Effective Time") as shall be stated in a certificate of merger, in a form mutually acceptable to Parent

and the Company, to be filed with the Secretary of State of the State of Delaware in accordance with the DGCL (the "Merger Filing"). The Merger Filing shall be made simultaneously with or as soon as practicable after the closing of the transactions contemplated by this Agreement in accordance with Section 3.5. The parties acknowledge that it is their mutual desire and intent to consummate the Merger as soon as practicable after the date hereof. Accordingly, the parties shall, subject to the provisions hereof and to the fiduciary duties of their respective boards of directors, use all reasonable efforts to consummate, as soon as practicable, the transactions contemplated by this Agreement in accordance with Section 3.5.

ARTICLE II
THE SURVIVING AND PARENT CORPORATIONS

SECTION 2.1. CERTIFICATE OF INCORPORATION. The Certificate of Incorporation of Subsidiary as in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation after the Effective Time, and thereafter may be amended in accordance with its terms and as provided in the DGCL.

SECTION 2.2. BY-LAWS. The By-laws of Subsidiary as in effect immediately prior to the Effective Time shall be the By-laws of the Surviving Corporation after the Effective Time, and thereafter may be amended in accordance with their terms and as provided by the Certificate of Incorporation of the Surviving Corporation and the DGCL.

SECTION 2.3. DIRECTORS. (a) The Board of Directors of Parent shall take such action as may be necessary to cause Parent's Board of Directors immediately following the Effective Time to be composed of twelve members, including three members designated by the Board of Directors of the Company prior to the Closing (the "Company Designees"). One of the Company Designees shall be Rodney R. Proto and the remaining two Company Designees shall be non-officers of the Company and its subsidiaries reasonably acceptable to Parent. If the Board positions are of different terms, the Company shall have the right to designate which of the Company Designees shall fill each Board position. Rodney R. Proto shall have an initial term of office expiring in 1997 or thereafter and the remaining two Company Designees shall have initial terms of office expiring in 1998 or thereafter. If the initial term of Rodney R. Proto shall expire in 1997, the Board of Directors of the Company shall take such action as may be necessary to renominate Rodney R. Proto to the Board of Directors of the Company with a term of office expiring in 2000 or thereafter. All of the Company Designees shall serve in accordance with the charter and bylaws of Parent until their respective successors are duly elected or appointed and qualified. One of the Company Designees (to be designated by the Board of Directors of the Company prior to the Closing and reasonably acceptable to Parent) shall be appointed by the Board of Directors of Parent to the Executive Committee of Parent's Board of Directors to serve in accordance with the By-laws of Parent.

(b) The directors of Subsidiary in office immediately prior to the Effective Time shall be the directors of the Surviving Corporation after the Effective Time, and such directors shall serve in accordance with the By-laws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

SECTION 2.4. OFFICERS. (a) Immediately following the Effective Time, the Board of Directors of Parent shall elect Rodney R. Proto as President and Chief Operating Officer of Parent to serve in accordance with the By-laws of Parent.

(b) The officers of Subsidiary in office immediately prior to the Effective Time shall be the officers of the Surviving Corporation after the Effective Time, and such officers shall serve in accordance with the By-laws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

SECTION 2.5. CORPORATE OFFICES. As soon as practicable following the Effective Time, Parent shall transfer Parent's principal executive offices to Houston, Texas.

ARTICLE III CONVERSION OF SHARES

SECTION 3.1. CONVERSION OF COMPANY SHARES IN THE MERGER. At the Effective Time, by virtue of the Merger and without any action on the part of any holder of any capital stock of Parent or the Company:

(a) each share of the common stock, par value \$.01 per share, of the Company (the "Company Common Stock") shall, subject to Sections 3.3 and 3.4, be converted into the right to receive, without interest, 1.70 (the "Exchange Ratio") shares of the common stock, par value \$.01 per share, of Parent ("Parent Common Stock");

(b) each share of capital stock of the Company, if any, owned by Parent or any subsidiary of Parent or held in treasury by the Company or any subsidiary of the Company immediately prior to the Effective Time shall be canceled and no consideration shall be paid in exchange therefor and shall cease to exist from and after the Effective Time; and

(c) subject to and as more fully provided in Section 7.9, each unexpired option or warrant to purchase Company Common Stock that is outstanding at the Effective Time, whether or not exercisable, shall automatically and without any action on the part of the holder thereof be converted into an option or warrant to purchase a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock that could be purchased under such option or warrant multiplied by the Exchange Ratio, at a price per share of Parent Common Stock equal to the per share exercise price of such option or warrant divided by the Exchange Ratio.

SECTION 3.2. CONVERSION OF SUBSIDIARY SHARES. At the Effective Time, by virtue of the Merger and without any action on the part of Parent as the sole stockholder of Subsidiary, each issued and outstanding share of common stock, par value \$.01 per share, of Subsidiary ("Subsidiary Common Stock") shall be converted into one share of common stock, par value \$.01 per share, of the Surviving Corporation.

SECTION 3.3. EXCHANGE OF CERTIFICATES. (a) From and after the Effective Time, each holder of an outstanding certificate which immediately prior to the Effective Time represented shares of Company Common Stock shall be entitled to receive in exchange therefor, upon surrender thereof to an exchange agent reasonably satisfactory to Parent and the Company (the "Exchange Agent"), a certificate or certificates representing the number of whole shares of Parent Common Stock to which such holder is entitled pursuant to Section 3.1(a). Notwithstanding any other provision of this Agreement, (i) until holders or transferees of certificates theretofore representing shares of Company Common Stock have surrendered them for exchange as provided herein, no dividends shall be paid with respect to any shares represented by such certificates and

no payment for fractional shares shall be made and (ii) without regard to when such certificates representing shares of Company Common Stock are surrendered for exchange as provided herein, no interest shall be paid on any dividends or any payment for fractional shares. Upon surrender of a certificate which immediately prior to the Effective Time represented shares of Company Common Stock, there shall be paid to the holder of such certificate the amount of any dividends which theretofore became payable, but which were not paid by reason of the foregoing, with respect to the number of whole shares of Parent Common Stock represented by the certificate or certificates issued upon such surrender.

(b) If any certificate for shares of Parent Common Stock is to be issued in a name other than that in which the certificate for shares of Company Common Stock surrendered in exchange therefor is registered, it shall be a condition of such exchange that the person requesting such exchange shall pay any applicable transfer or other taxes required by reason of such issuance.

(c) Promptly after the Effective Time, Parent shall make available to the Exchange Agent the certificates representing shares of Parent Common Stock required to effect the exchanges referred to in paragraph (a) above and cash for payment of any fractional shares referred to in Section 3.4.

(d) Promptly after the Effective Time, the Exchange Agent shall mail to each holder of record of a certificate or certificates that immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Company Certificates") (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Company Certificates shall pass, only upon actual delivery of the Company Certificates to the Exchange Agent) and (ii) instructions for use in effecting the surrender of the Company Certificates in exchange for certificates representing shares of Parent Common Stock. Upon surrender of Company Certificates for cancellation to the Exchange Agent, together with a duly executed letter of transmittal and such other documents as the Exchange Agent shall reasonably require, the holder of such Company Certificates shall be entitled to receive in exchange therefor a certificate representing that number of whole shares of Parent Common Stock into which the shares of Company Common Stock theretofore represented by the Company Certificates so surrendered shall have been converted pursuant to the provisions of Section 3.1(a), and the Company Certificates so surrendered shall be canceled. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of shares of Company Common Stock for any shares of Parent Common Stock or dividends or distributions thereon delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(e) Promptly following the date which is nine months after the Effective Date, the Exchange Agent shall deliver to Parent all cash, certificates (including any Parent Common Stock) and other documents in its possession relating to the transactions described in this Agreement, and the Exchange Agent's duties shall terminate. Thereafter, each holder of a Company Certificate may surrender such Company Certificate to the Surviving Corporation and (subject to applicable abandoned property, escheat and similar laws) receive in exchange therefor the Parent Common Stock, without any interest thereon. Notwithstanding the foregoing, none of the Exchange Agent, Parent, Subsidiary, the Company or the Surviving Corporation shall be liable to a holder of shares of Company Common Stock for any shares of Parent Common Stock delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(f) In the event any Company Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Company Certificate to be lost, stolen or destroyed, the Surviving Corporation shall issue in exchange for such lost, stolen or destroyed Company Certificate the

Parent Common Stock deliverable in respect thereof determined in accordance with this Article III. When authorizing such issuance in exchange therefor, the Board of Directors of the Surviving Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Company Certificate to give the Surviving Corporation such indemnity as it may reasonably direct as protection against any claim that may be made against the Surviving Corporation with respect to the Company Certificate alleged to have been lost, stolen or destroyed.

SECTION 3.4. NO FRACTIONAL SECURITIES. Notwithstanding any other provision of this Agreement, no certificates or scrip for fractional shares of Parent Common Stock shall be issued in the Merger and no Parent Common Stock dividend, stock split or interest shall relate to any fractional security, and such fractional interests shall not entitle the owner thereof to vote or to any other rights of a security holder. In lieu of any such fractional shares, each holder of shares of Company Common Stock who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock upon surrender of Company Certificates for exchange pursuant to this Article III shall be entitled to receive from the Exchange Agent a cash payment equal to such fraction multiplied by the average closing price per share of Parent Common Stock on the New York Stock Exchange, as reported by the Wall Street Journal, during the 10 trading days immediately preceding the Effective Time.

SECTION 3.5. CLOSING. The closing (the "Closing") of the transactions contemplated by this Agreement shall take place at a location mutually agreeable to Parent and the Company as promptly as practicable following the date on which the last of the conditions set forth in Article VIII is fulfilled or waived, or at such other time and place as Parent and the Company shall agree. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

SECTION 3.6. CLOSING OF THE COMPANY'S TRANSFER BOOKS. At and after the Effective Time, holders of Company Certificates shall cease to have any rights as stockholders of the Company, except for the right to receive shares of Parent Common Stock pursuant to Section 3.1 and the right to receive cash for payment of fractional shares pursuant to Section 3.4. At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of shares of Company Common Stock which were outstanding immediately prior to the Effective Time shall thereafter be made. If, after the Effective Time, subject to the terms and conditions of this Agreement, Company Certificates formerly representing shares of Company Common Stock are presented to the Surviving Corporation, they shall be canceled and exchanged for shares of Parent Common Stock in accordance with this Article III.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES
OF PARENT AND SUBSIDIARY

Parent and Subsidiary each represent and warrant to the Company that, except as set forth in the Disclosure Schedule dated as of the date hereof and signed by an authorized officer of Parent (the "Parent Disclosure Schedule"), each of which exceptions shall specifically identify the relevant Section hereof to which it relates:

SECTION 4.1. ORGANIZATION AND QUALIFICATION. Each of Parent and Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its

business as it is now being conducted. Each of Parent and Subsidiary is qualified to do business and is in good standing in each jurisdiction in which the properties owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing will not, when taken together with all other such failures, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. True, accurate and complete copies of each of Parent's and Subsidiary's charters and By-laws, in each case as in effect on the date hereof, including all amendments thereto, have heretofore been delivered to the Company.

SECTION 4.2. CAPITALIZATION. (a) As of June 15, 1996, the authorized capital stock of Parent consisted of 150,000,000 shares of Parent Common Stock and 10,000,000 shares of preferred stock, par value \$.01 per share ("Parent Preferred Stock"). As of June 15, 1996, (i) 88,330,623 shares of Parent Common Stock were issued and outstanding, all of which were validly issued and are fully paid, nonassessable and free of preemptive rights, (ii) no shares of Parent Preferred Stock were issued and outstanding, (iii) 26,310 shares of Parent Common Stock and no shares of Company Preferred Stock were held in the treasury of Parent and (iv) 13,136,521 shares of Parent Common Stock were reserved for issuance pursuant to the exercise of outstanding options and warrants to purchase Parent Common Stock. Assuming the exercise of all outstanding options and warrants to purchase Parent Common Stock, as of June 15, 1996, there would be 101,467,144 shares of Parent Common Stock issued and outstanding. In addition, as of June 15, 1996, 4,364,152 shares of Parent Common Stock were reserved and unissued pending conversion of shares of acquired companies.

(b) The authorized capital stock of Subsidiary consists of 1,000 shares of Subsidiary Common Stock, of which 100 shares are issued and outstanding, which shares are owned beneficially and of record by Parent.

(c) Except as disclosed in the Parent SEC Reports (as defined in Section 4.5), as of the date hereof, there are no outstanding subscriptions, options, calls, contracts, commitments, understandings, restrictions, arrangements, rights or warrants, including any right of conversion or exchange under any outstanding security, instrument or other agreement and also including any rights plan or other anti-takeover agreement, obligating Parent or any subsidiary of Parent to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of the capital stock of Parent or obligating Parent or any subsidiary of Parent to grant, extend or enter into any such agreement or commitment. Except as otherwise disclosed in the Parent SEC Reports, there are no voting trusts, proxies or other agreements or understandings to which Parent or any subsidiary of Parent is a party or is bound with respect to the voting of any shares of capital stock of Parent other than voting agreements executed in connection with this Agreement. The Shareholders Agreement dated as of December 18, 1995 between Parent and Donald F. Moorehead, Jr., John E. Drury, John G. Rangos, Sr., John G. Rangos, Jr., Alexander W. Rangos and John Rangos Development Corporation, Inc. has been terminated in connection with the execution of this Agreement. The shares of Parent Common Stock issued to stockholders of the Company in the Merger will be at the Effective Time duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights.

SECTION 4.3. SUBSIDIARIES. Each direct and indirect corporate subsidiary of Parent is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. Each subsidiary of Parent is qualified to do business, and is in good standing, in each jurisdiction in which the properties owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and

in good standing would not, when taken together with all such other failures, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. All of the outstanding shares of capital stock of each corporate subsidiary of Parent are validly issued, fully paid, nonassessable and free of preemptive rights, and are owned directly or indirectly by Parent, free and clear of any liens, claims or encumbrances, except that such shares are pledged to secure Parent's credit facilities. There are no subscriptions, options, warrants, rights, calls, contracts, voting trusts, proxies or other commitments, understandings, restrictions or arrangements relating to the issuance, sale, voting, transfer, ownership or other rights with respect to any shares of capital stock of any corporate subsidiary of Parent, including any right of conversion or exchange under any outstanding security, instrument or agreement. As used in this Agreement, the term "subsidiary" shall mean, when used with reference to any person or entity, any corporation, partnership, joint venture or other entity of which such person or entity (either acting alone or together with its other subsidiaries) owns, directly or indirectly, 50% or more of the stock or other voting interests, the holders of which are entitled to vote for the election of a majority of the board of directors or any similar governing body of such corporation, partnership, joint venture or other entity.

SECTION 4.4. AUTHORITY; NON-CONTRAVENTION; APPROVALS. (a) Parent and Subsidiary each have full corporate power and authority to enter into this Agreement and, subject to the Parent Stockholders' Approval (as defined in Section 7.3(b)) and the Parent Required Statutory Approvals (as defined in Section 4.4(c)), to consummate the transactions contemplated hereby. This Agreement has been approved by the Boards of Directors of Parent and Subsidiary, and no other corporate proceedings on the part of Parent or Subsidiary are necessary to authorize the execution and delivery of this Agreement or, except for the Parent Stockholders' Approval, the consummation by Parent and Subsidiary of the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of Parent and Subsidiary, and, assuming the due authorization, execution and delivery hereof by the Company, constitutes a valid and legally binding agreement of each of Parent and Subsidiary enforceable against each of them in accordance with its terms, except that such enforcement may be subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and (ii) general equitable principles. Without limitation of the foregoing, each of the covenants and obligations of Parent set forth in Sections 6.2, 7.1, 7.2, 7.3, 7.6, 7.7, 7.8, 7.10 and 7.12 is valid, legally binding and enforceable (subject as aforesaid) notwithstanding the absence of the Parent Stockholders' Approval.

(b) The execution and delivery of this Agreement by each of Parent and Subsidiary do not violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Parent or any of its subsidiaries under any of the terms, conditions or provisions of (i) the respective charters or by-laws of Parent or any of its subsidiaries, (ii) any statute, law, ordinance, rule, regulation, judgment, decree, order, injunction, writ, permit or license of any court or governmental authority applicable to Parent or any of its subsidiaries or any of their respective properties or assets or (iii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which Parent or any of its subsidiaries is now a party or by which Parent or any of its subsidiaries or any of their respective properties or assets may be bound or affected. The consummation by Parent and Subsidiary of the transactions contemplated hereby will not result in any violation, conflict, breach, termination, acceleration or creation of liens under any of the terms, conditions or provisions described in clauses (i) through (iii) of the preceding sentence, subject (x) in the case of the terms, conditions

or provisions described in clause (ii) above, to obtaining (prior to the Effective Time) the Parent Required Statutory Approvals and the Parent Stockholder's Approval and (y) in the case of the terms, conditions or provisions described in clause (iii) above, to obtaining (prior to the Effective Time) consents required from commercial lenders, lessors or other third parties as specified on the Parent Disclosure Schedule. Excluded from the foregoing sentences of this paragraph (b), insofar as they apply to the terms, conditions or provisions described in clauses (ii) and (iii) of the first sentence of this paragraph (b), are such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens, security interests, charges or encumbrances that would not, in the aggregate, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) results of operations of Parent and its subsidiaries, taken as a whole.

(c) Except for (i) the filings by Parent required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) the filing of the Joint Proxy Statement/Prospectus (as defined in Section 4.9) with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Securities Act of 1933, as amended (the "Securities Act"), and the declaration of the effectiveness thereof by the SEC and filings with various state blue sky authorities, (iii) the making of the Merger Filing with the Secretary of State of the State of Delaware in connection with the Merger, and (iv) any required filings with or approvals from applicable state environmental authorities, public service commissions and public utility commissions (the filings and approvals referred to in clauses (i) through (iv) are collectively referred to as the "Parent Required Statutory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by Parent or Subsidiary or the consummation by Parent or Subsidiary of the transactions contemplated hereby, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not made or obtained, as the case may be, would not, in the aggregate, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

SECTION 4.5. REPORTS AND FINANCIAL STATEMENTS. Since January 1, 1994, Parent has filed with the SEC all forms, statements, reports and documents (including all exhibits, post-effective amendments and supplements thereto) required to be filed by it under each of the Securities Act, the Exchange Act and the respective rules and regulations thereunder, all of which, as amended if applicable, complied when filed in all material respects with all applicable requirements of the appropriate act and the rules and regulations thereunder. Parent has previously delivered to the Company copies (including all exhibits, post-effective amendments and supplements thereto) of its (a) Annual Reports on Form 10-K for the fiscal year ended December 31, 1995 and for the immediately preceding fiscal year, as filed with the SEC, (b) proxy and information statements relating to (i) all meetings of its stockholders (whether annual or special) and (ii) actions by written consent in lieu of a stockholders' meeting from January 1, 1994, until the date hereof, and (c) all other reports, including quarterly reports, and registration statements filed by Parent with the SEC since January 1, 1994 (other than registration statements filed on Form S-8) (the documents referred to in clauses (a), (b) and (c) filed prior to the date hereof are collectively referred to as the "Parent SEC Reports"). The Parent SEC Reports are identified on the Parent Disclosure Schedule. As of their respective dates, the Parent 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 therein, in the light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited interim consolidated financial statements of Parent included in such reports (collectively, the "Parent Financial Statements") have been prepared in accordance with generally accepted accounting principles

applied on a consistent basis (except as may be indicated therein or in the notes thereto) and fairly present the financial position of Parent and its subsidiaries as of the dates thereof and the results of their operations and changes in financial position for the periods then ended, subject, in the case of the unaudited interim financial statements, to normal year-end and audit adjustments and any other adjustments described therein.

SECTION 4.6. ABSENCE OF UNDISCLOSED LIABILITIES. Except as disclosed in the Parent SEC Reports or as heretofore disclosed to the Company in writing with respect to acquisitions or potential transactions or commitments, neither Parent nor any of its subsidiaries had at December 31, 1995, or has incurred since that date, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except: (a) liabilities, obligations or contingencies (i) which are accrued or reserved against in the Parent Financial Statements or reflected in the notes thereto or (ii) which were incurred after December 31, 1995, and were incurred in the ordinary course of business and consistent with past practices; (b) liabilities, obligations or contingencies which (i) would not, in the aggregate, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole, or (ii) have been discharged or paid in full prior to the date hereof; and (c) liabilities and obligations which are of a nature not required to be reflected in the consolidated financial statements of Parent and its subsidiaries prepared in accordance with generally accepted accounting principles consistently applied and which were incurred in the ordinary course of business.

SECTION 4.7. ABSENCE OF CERTAIN CHANGES OR EVENTS. Since the date of the most recent Parent SEC Report that contains consolidated financial statements of Parent, there has not been any material adverse change in the business, operations, properties, assets, liabilities, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole, except for changes that affect the industries in which Parent and its subsidiaries operate generally.

SECTION 4.8. LITIGATION. Except as disclosed in the Parent SEC Reports, there are no claims, suits, actions or proceedings pending or, to the knowledge of Parent, threatened against, relating to or affecting Parent or any of its subsidiaries, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seek to restrain or enjoin the consummation of the Merger or which could reasonably be expected, either alone or in the aggregate with all such claims, actions or proceedings, to materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. Except as set forth in the Parent SEC Reports, neither Parent nor any of its subsidiaries is subject to any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or authority or any arbitrator which prohibits or restricts the consummation of the transactions contemplated hereby or would have any material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

SECTION 4.9. REGISTRATION STATEMENT AND PROXY STATEMENT. None of the information to be supplied by Parent or its subsidiaries for inclusion in (a) the Registration Statement on Form S-4 to be filed under the Securities Act with the SEC by Parent in connection with the Merger for the purpose of registering the shares of Parent Common Stock to be issued in the Merger (the "Registration Statement") or (b) the proxy statement to be distributed in connection with the Company's and Parent's meetings of their respective stockholders to vote upon this Agreement and the transactions contemplated hereby (the "Proxy Statement" and, together with the prospectus included in the Registration Statement, the "Joint Proxy Statement/Prospectus") will, in the case of the Proxy Statement or any amendments thereof or supplements thereto, at the time of the mailing of the Proxy Statement and any amendments or supplements thereto, and

at the time of the meetings of stockholders of the Company and Parent to be held in connection with the transactions contemplated by this Agreement, or, in the case of the Registration Statement, as amended or supplemented, at the time it becomes effective and at the time of such meetings of the stockholders of the Company and Parent, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Joint Proxy Statement/Prospectus will, as of its mailing date, comply as to form in all material respects with all applicable laws, including the provisions of the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder, except that no representation is made by Parent or Subsidiary with respect to information supplied by the Company or the stockholders of the Company for inclusion therein.

SECTION 4.10. NO VIOLATION OF LAW. Except as disclosed in the Parent SEC Reports, neither Parent nor any of its subsidiaries is in violation of, or has been given notice or been charged with any violation of, any law, statute, order, rule, regulation, ordinance, or judgment (including, without limitation, any applicable environmental law, ordinance or regulation) of any governmental or regulatory body or authority, except for violations which, in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. Except as disclosed in the Parent SEC Reports, as of the date of this Agreement, to the knowledge of Parent, no investigation or review by any governmental or regulatory body or authority is pending or threatened, nor has any governmental or regulatory body or authority indicated an intention to conduct the same, other than, in each case, those the outcome of which, as far as reasonably can be foreseen, will not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. Parent and its subsidiaries have all permits, licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals necessary to conduct their businesses as presently conducted (collectively, the "Parent Permits"), except for permits, licenses, franchises, variances, exemptions, orders, authorizations, consents and approvals the absence of which, alone or in the aggregate, would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. Parent and its subsidiaries are not in violation of the terms of any Parent Permit, except for delays in filing reports or violations which, alone or in the aggregate, would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

SECTION 4.11. COMPLIANCE WITH AGREEMENTS. Except as disclosed in the Parent SEC Reports, Parent and each of its subsidiaries are not in breach or violation of or in default in the performance or observance of any term or provision of, and no event has occurred which, with lapse of time or action by a third party, could result in a default under (a) the respective charter, by-laws or other similar organizational instruments of Parent or any of its subsidiaries or (b) any contract, commitment, agreement, indenture, mortgage, loan agreement, note, lease, bond, license, approval or other instrument to which Parent or any of its subsidiaries is a party or by which any of them is bound or to which any of their property is subject, other than, in the case of clause (b) of this Section 4.11, breaches, violations and defaults which would not have, in the aggregate, a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

SECTION 4.12. TAXES. (a) Parent and its subsidiaries have (i) duly filed with the appropriate governmental authorities all Tax Returns (as defined in Section 4.12(c)) required to be filed by them for all periods ending on or prior to the Effective Time, other than those Tax Returns the failure of which to file

would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole, and such Tax Returns are true, correct and complete in all material respects and (ii) duly paid in full or made adequate provision for the payment of all Taxes (as defined in Section 4.12(b)) for all past and current periods. The liabilities and reserves for Taxes reflected in the Parent balance sheet included in the latest Parent SEC Report are adequate to cover all Taxes for all periods ending at or prior to the date of such balance sheet and there is no liability for Taxes for any period beginning after such date other than Taxes arising in the ordinary course of business. There are no material liens for Taxes upon any property or assets of Parent or any subsidiary thereof, except for liens for Taxes not yet due. There are no unresolved issues of law or fact arising out of a notice of deficiency, proposed deficiency or assessment from the Internal Revenue Service (the "IRS") or any other governmental taxing authority with respect to Taxes of the Parent or any of its subsidiaries which, if decided adversely, singly or in the aggregate, would have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole. Neither Parent nor its subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than waivers and extensions which are no longer in effect. Neither Parent nor any of its subsidiaries is a party to any agreement providing for the allocation or sharing of Taxes with any entity that is not, directly or indirectly, a wholly-owned corporate subsidiary of Parent other than agreements the consequences of which are fully and adequately reserved for in the Parent Financial Statements. Neither Parent nor any of its corporate subsidiaries has, with regard to any assets or property held, acquired or to be acquired by any of them, filed a consent to the application of Section 341(f) of the Code.

(b) For purposes of this Agreement, the term "Taxes" shall mean all taxes, including, without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, license, payroll, franchise, transfer and recording taxes, fees and charges, windfall profits, severance, customs, import, export, employment or similar taxes, charges, fees, levies or other assessments imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis, and such term shall include any interest, fines, penalties or additional amounts and any interest in respect of any additions, fines or penalties attributable or imposed or with respect to any such taxes, charges, fees, levies or other assessments.

(c) For purposes of this Agreement, the term "Tax Return" shall mean any return, report or other document or information required to be supplied to a taxing authority in connection with Taxes.

SECTION 4.13. EMPLOYEE BENEFIT PLANS; ERISA. (a) Except as disclosed in the Parent SEC Reports, at the date hereof, Parent and its subsidiaries do not maintain or contribute to or have any obligation or liability to or with respect to any material employee benefit plans, programs, arrangements or practices (such plans, programs, arrangements or practices of Parent and its subsidiaries being referred to as the "Parent Plans"), including employee benefit plans within the meaning set forth in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other similar material arrangements for the provision of benefits (excluding any "Multi-employer Plan" within the meaning of Section 3(37) of ERISA or a "Multiple Employer Plan" within the meaning of Section 413(c) of the Code). The Parent Disclosure Schedule lists all Multi-employer Plans to which any of them makes contributions or has any obligation or liability to make contributions. Neither Parent nor any of its subsidiaries maintains or has any liability with respect to any Multiple Employer Plan. Neither Parent nor any of its subsidiaries has any obligation to create or contribute to any additional such plan, program, arrangement or practice or to amend any such plan, program, arrangement or practice so as to increase benefits or contributions

thereunder, except as required under the terms of the Parent Plans, under existing collective bargaining agreements or to comply with applicable law.

(b) Except as disclosed in the Parent SEC Reports, (i) there have been no prohibited transactions within the meaning of Section 406 or 407 of ERISA or Section 4975 of the Code with respect to any of the Parent Plans that could result in penalties, taxes or liabilities which, singly or in the aggregate, could have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole, (ii) except for premiums due, there is no outstanding material liability, whether measured alone or in the aggregate, under Title IV of ERISA with respect to any of the Parent Plans, (iii) neither the Pension Benefit Guaranty Corporation nor any plan administrator has instituted proceedings to terminate any of the Parent Plans subject to Title IV of ERISA other than in a "standard termination" described in Section 4041(b) of ERISA, (iv) none of the Parent Plans has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, as of the last day of the most recent fiscal year of each of the Parent Plans ended prior to the date of this Agreement, (v) the current present value of all projected benefit obligations under each of the Parent Plans which is subject to Title IV of ERISA did not, as of its latest valuation date, exceed the then current value of the assets of such plan allocable to such benefit liabilities by more than the amount, if any, disclosed in the Parent SEC Reports as of March 31, 1996, based upon reasonable actuarial assumptions currently utilized for such Parent Plan, (vi) each of the Parent Plans has been operated and administered in all material respects in accordance with applicable laws during the period of time covered by the applicable statute of limitations, (vii) each of the Parent Plans which is intended to be "qualified" within the meaning of Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified and such determination has not been modified, revoked or limited by failure to satisfy any condition thereof or by a subsequent amendment thereto or a failure to amend, except that it may be necessary to make additional amendments retroactively to maintain the "qualified" status of such Parent Plans, and the period for making any such necessary retroactive amendments has not expired, (viii) with respect to Multi-employer Plans, neither Parent nor any of its subsidiaries has made or suffered a "complete withdrawal" or a "partial withdrawal," as such terms are respectively defined in Sections 4203, 4204 and 4205 of ERISA and, to the best knowledge of Parent and its subsidiaries, no event has occurred or is expected to occur which presents a material risk of a complete or partial withdrawal under said Sections 4203, 4204 and 4205, (ix) to the best knowledge of Parent and its subsidiaries, there are no material pending, threatened or anticipated claims involving any of the Parent Plans other than claims for benefits in the ordinary course, (x) Parent and its subsidiaries have no current material liability under Title IV of ERISA, and Parent and its subsidiaries do not reasonably anticipate that any such liability will be asserted against Parent or any of its subsidiaries, and (xi) no act, omission or transaction (individually or in the aggregate) has occurred with respect to any Parent Plan that has resulted or could result in any material liability (direct or indirect) of Parent or any subsidiary under Sections 409 or 502(c)(i) or (l) of ERISA or Chapter 43 of Subtitle (A) of the Code. None of the Parent Controlled Group Plans has an "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code) or is required to provide security to a Parent Plan pursuant to Section 401(a)(29) of the Code. Each Parent Plan can be unilaterally terminated by Parent or a subsidiary at any time without material liability, other than for amounts previously reflected in the financial statements (or notes thereto) included in the Parent SEC Reports.

(c) The Parent SEC Reports contain a true and complete summary or list of or otherwise describe all material employment contracts and other employee benefit arrangements with "change of control" or similar provisions and all severance agreements with executive officers.

(d) There are no agreements which will or may provide payments to any officer, employee, stockholder, or highly compensated individual which will be "parachute payments" under Code Section 280G that are nondeductible to Parent or subject to tax under Code Section 4999 for which Parent or any ERISA Affiliate would have withholding liability.

SECTION 4.14. LABOR CONTROVERSIES. Except as disclosed in the Parent SEC Reports, (a) there are no significant controversies pending or, to the knowledge of Parent, threatened between Parent or its subsidiaries and any representatives of any of their employees and (b) to the knowledge of Parent, there are no material organizational efforts presently being made involving any of the presently unorganized employees of Parent and its subsidiaries except for such controversies and organizational efforts which, singly or in the aggregate, could not reasonably be expected to materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

SECTION 4.15. ENVIRONMENTAL MATTERS. (a) Except as disclosed in the Parent SEC Reports, (i) Parent and its subsidiaries have conducted their respective businesses in compliance with all applicable Environmental Laws (defined in Section 4.15(b)), including, without limitation, having all permits, licenses and other approvals and authorizations necessary for the operation of their respective businesses as presently conducted, (ii) none of the properties owned by Parent or any of its subsidiaries contain any Hazardous Substance (defined in Section 4.15(c)) as a result of any activity of Parent or any of its subsidiaries in amounts exceeding the levels permitted by applicable Environmental Laws, (iii) neither Parent nor any of its subsidiaries has received any notices, demand letters or requests for information from any Federal, state, local or foreign governmental entity or third party indicating that Parent or any of its subsidiaries may be in violation of, or liable under, any Environmental Law in connection with the ownership or operation of their businesses, (iv) there are no civil, criminal or administrative actions, suits, demands, claims, hearings, investigations or proceedings pending or threatened, against Parent or any of its subsidiaries relating to any violation, or alleged violation, of any Environmental Law, (v) no reports have been filed, or are required to be filed, by Parent or any of its subsidiaries concerning the release of any Hazardous Substance or the threatened or actual violation of any Environmental Law, (vi) no Hazardous Substance has been disposed of, released or transported in violation of any applicable Environmental Law from any properties owned by Parent or any of its subsidiaries as a result of any activity of Parent or any of its subsidiaries during the time such properties were owned, leased or operated by Parent or any of its subsidiaries, (vii) no underground storage tanks have been installed, closed or removed from any properties owned by Parent or any of its subsidiaries during, in the case of Parent, the time such properties were owned, leased or operated by Parent and during, in the case of each subsidiary, the time such subsidiary has been owned by Parent, (viii) there is no asbestos or asbestos containing material present in any of the properties owned by Parent and its subsidiaries, and no asbestos has been removed from any of such properties during the time such properties were owned, leased or operated by Parent or any of its subsidiaries, and (ix) neither Parent, its subsidiaries nor any of their respective properties are subject to any liabilities or expenditures (fixed or contingent) relating to any suit, settlement, court order, administrative order, regulatory requirement, judgment or claim asserted or arising under any Environmental Law, except for violations of the foregoing clauses (i) through (ix) that, singly or in the aggregate, would not reasonably be expected to have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

(b) As used herein, "Environmental Law" means any Federal, state, local or foreign law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, legal doctrine, order,

judgment, decree, injunction, requirement or agreement with any governmental entity relating to (x) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or to human health or safety or (y) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances, in each case as amended and as in effect on the Closing Date. The term "Environmental Law" includes, without limitation, (i) the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act, the Federal Water Pollution Control Act of 1972, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste Amendments thereto), the Federal Solid Waste Disposal Act and the Federal Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, and the Federal Occupational Safety and Health Act of 1970, each as amended and as in effect on the Closing Date, and (ii) any common law or equitable doctrine (including, without limitation, injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of, effects of or exposure to any Hazardous Substance.

(c) As used herein, "Hazardous Substance" means any substance presently or hereafter listed, defined, designated or classified as hazardous, toxic, radioactive, or dangerous, or otherwise regulated, under any Environmental Law. Hazardous Substance includes any substance to which exposure is regulated by any government authority or any Environmental Law including, without limitation, any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, industrial substance or petroleum or any derivative or by-product thereof, radon, radioactive material, asbestos, or asbestos containing material, urea formaldehyde foam insulation, lead or polychlorinated biphenyls.

SECTION 4.16. NON-COMPETITION AGREEMENTS. Neither Parent nor any subsidiary of Parent is a party to any agreement which purports to restrict or prohibit in any material respect any of them from, directly or indirectly, engaging in any business involving the collection, interim storage, transfer, recovery, processing, recycling, marketing or disposal of rubbish, garbage, paper, textile wastes, chemical or hazardous wastes, liquid and other wastes or any other material business currently engaged in by Parent or the Company, or any corporations affiliated with either of them. None of Parent's officers, directors or key employees is a party to any agreement which, by virtue of such person's relationship with Parent, restricts in any material respect Parent or any subsidiary of Parent from, directly or indirectly, engaging in any of the businesses described above.

SECTION 4.17. TITLE TO ASSETS. Parent and each of its subsidiaries has good and marketable title in fee simple to all its real property and good title to all its leasehold interests and other properties as reflected in the most recent balance sheet included in the Parent Financial Statements, except for such properties and assets that have been disposed of in the ordinary course of business since the date of such balance sheet, free and clear of all mortgages, liens, pledges, charges or encumbrances of any nature whatsoever, except (i) the lien for current taxes, payments of which are not yet delinquent, (ii) such imperfections in title and easements and encumbrances, if any, as are not substantial in character, amount or extent and do not materially detract from the value or interfere with the present use of the property subject thereto or affected thereby, or otherwise materially impair the Parent's business operations (in the manner presently carried on by the Parent), or (iii) as disclosed in the Parent SEC Reports, and except for such matters which, singly or in the aggregate, could not reasonably be expected to materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of Parent

and its subsidiaries, taken as a whole. All leases under which Parent leases any real or personal property are in good standing, valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing default or event which with notice or lapse of time or both would become a default other than failures to be in good standing, valid and effective and defaults under such leases which in the aggregate will not materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole.

SECTION 4.18. REORGANIZATION AND POOLING OF INTERESTS. None of the Parent, Subsidiary 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 (a) constituting a reorganization qualifying under the provisions of Section 368(a) of the Code or (b) 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 (a "Pooling Transaction").

SECTION 4.19. PARENT STOCKHOLDERS' APPROVAL. The affirmative vote of stockholders of Parent required for approval and adoption of this Agreement and the Merger is a majority of the shares of Parent Common Stock present in person or by proxy at a meeting of such stockholders and entitled to vote thereat.

SECTION 4.20. BROKERS AND FINDERS. Except for the fees and expenses payable to Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"), which fees are reflected in its agreement with Parent (a copy of which has been delivered to the Company), Parent has not entered into any contract, arrangement or understanding with any person or firm which may result in the obligation of Parent to pay any finder's fees, brokerage or agent commissions or other like payments in connection with the transactions contemplated hereby. Except for the fees and expenses paid or payable to DLJ, there is no claim for payment by Parent of any investment banking fees, finder's fees, brokerage or agent commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

SECTION 4.21. OPINION OF FINANCIAL ADVISOR. The financial advisor of Parent, DLJ, has rendered a written opinion to the Board of Directors of Parent to the effect that the Exchange Ratio is fair from a financial point of view to Parent.

SECTION 4.22. OWNERSHIP OF COMPANY COMMON STOCK. Neither Parent nor any of its subsidiaries beneficially owns any shares of Company Common Stock as of the date hereof.

SECTION 4.23. PARENT DISCLOSURE SCHEDULE. The information set forth in the Parent Disclosure Schedule does 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 therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Subsidiary that, except as set forth in the disclosure schedule dated as of the date hereof and signed by an authorized officer of the Company (the "Company Disclosure Schedule"), each of which exceptions shall specifically identify the relevant Section hereof to which it relates:

SECTION 5.1. ORGANIZATION AND QUALIFICATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. The Company is qualified to do business and is in good standing in each jurisdiction in which the properties owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing will not, when taken together with all other such failures, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. True, accurate and complete copies of the Company's Articles of Incorporation and By-laws, in each case as in effect on the date hereof, including all amendments thereto, have heretofore been delivered to Parent.

SECTION 5.2. CAPITALIZATION. (a) The authorized capital stock of the Company consists of 100,000,000 shares of Company Common Stock and 500,000 shares of preferred stock, par value \$10.00 per share ("Company Preferred Stock"). As of June 15, 1996, (i) 25,030,471 shares of Company Common Stock were issued and outstanding, all of which were validly issued and are fully paid, nonassessable and free of preemptive rights, (ii) no shares of Company Common Stock and no shares of Company Preferred Stock were held in the treasury of the Company, (iii) 1,001,866 shares of Company Common Stock were reserved for issuance upon exercise of options issued and outstanding pursuant to the Company's 1989 Stock Option Plan, as amended, (iv) 1,461,360 shares of Company Common Stock were reserved for issuance upon exercise of options issued and outstanding pursuant to the Company's 1994 Long-Term Incentive Plan, (v) 607,266 shares of Company Common Stock were reserved for issuance pursuant to the Company's 1991 Employee Stock Purchase Plan, (vi) 2,389,610 shares of Company Common Stock were reserved for issuance upon conversion of outstanding convertible debentures of the Company, (vii) 103,264 shares of Company Common Stock were reserved for issuance upon exercise of outstanding warrants, (viii) no shares of Company Preferred Stock were issued and outstanding and (ix) 83,435 shares of Company Preferred Stock were reserved for issuance upon exercise of Rights ("Preferred Stock Purchase Rights") issued pursuant to that certain Rights Agreement dated as of December 1, 1991 between the Company and First City, Texas - Houston, N.A., a national banking association, as amended by Amendment No. 1 thereto between the Company and Chemical Bank, a New York State banking corporation, (the "Preferred Stock Rights Agreement"). Except as set forth in the preceding sentence, no other Awards (as such term is defined in the Company's 1994 Long-Term Incentive Plan) were issued and outstanding as of June 15, 1996. A true and correct copy of the Preferred Stock Rights Agreement has been made available to Parent. Assuming conversion of all outstanding convertible debentures of the Company and the exercise of all outstanding options, warrants or rights (other than the Preferred Stock Purchase Rights issued under the Preferred Stock Rights Agreement) to purchase Company Common Stock, as of June 15, 1996, there would be 29,988,071 shares of Company Common Stock issued and outstanding.

(b) Except as disclosed in the Company SEC Reports (as defined in Section 5.5), as of the date hereof there were no outstanding subscriptions, options, calls, contracts, commitments, understandings, restrictions, arrangements, rights or warrants, including any right of conversion or exchange under any outstanding security, instrument or other agreement and also including any rights plan or other anti-takeover agreement, obligating the Company or any subsidiary of the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of the capital stock of the Company or obligating the Company or any subsidiary of the Company to grant, extend or enter into any such agreement or commitment. There are no voting trusts, proxies or other agreements or understandings to which the Company or any subsidiary of the Company is a party or is bound with respect to the voting of any shares of capital stock of the Company other than voting agreements executed in connection with this Agreement.

SECTION 5.3. SUBSIDIARIES. Each direct and indirect corporate subsidiary of the Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. Each subsidiary of the Company is qualified to do business, and is in good standing, in each jurisdiction in which the properties owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing will not, when taken together with all such other failures, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. All of the outstanding shares of capital stock of each corporate subsidiary of the Company are validly issued, fully paid, nonassessable and free of preemptive rights and are owned directly or indirectly by the Company free and clear of any liens, claims, encumbrances, security interests, equities, charges and options of any nature whatsoever. There are no subscriptions, options, warrants, rights, calls, contracts, voting trusts, proxies or other commitments, understandings, restrictions or arrangements relating to the issuance, sale, voting, transfer, ownership or other rights with respect to any shares of capital stock of any corporate subsidiary of the Company, including any right of conversion or exchange under any outstanding security, instrument or agreement.

SECTION 5.4. AUTHORITY; NON-CONTRAVENTION; APPROVALS. (a) The Company has full corporate power and authority to enter into this Agreement and, subject to the Company Stockholders' Approval (as defined in Section 7.3(a)) and the Company Required Statutory Approvals (as defined in Section 5.4(c)), to consummate the transactions contemplated hereby. The Board of Directors of the Company has at a meeting duly called and held and at which a quorum was present and acting throughout, by the requisite affirmative vote of the directors of the Company, (i) determined that the Merger is in the best interests of the Company and its stockholders, (ii) approved this Agreement and the Merger and (iii) determined that such approval satisfies the requirements of subparagraph A.2 of Article Eighth of the Company's Certificate of Incorporation and, as a result, renders inapplicable to the Merger and this Agreement the other provisions of paragraph A of Article Eighth. No other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement or, except for the Company Stockholders' Approval, the consummation by the Company of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company, and, assuming the due authorization, execution and delivery hereof by Parent and Subsidiary, constitutes a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except that such enforcement may be subject to (a) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and (b) general equitable principles. Without limitation of the foregoing, each of the covenants and obligations of the Company set forth in

Sections 6.1, 6.5, 7.1, 7.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.12 and 7.14 is valid, legally binding and enforceable (subject as aforesaid) notwithstanding the absence of the Company Stockholders' Approval.

(b) The execution and delivery of this Agreement by the Company do not violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company or any of its subsidiaries under any of the terms, conditions or provisions of (i) the respective charters or by-laws of the Company or any of its subsidiaries, (ii) any statute, law, ordinance, rule, regulation, judgment, decree, order, injunction, writ, permit or license of any court or governmental authority applicable to the Company or any of its subsidiaries or any of their respective properties or assets, or (iii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which the Company or any of its subsidiaries is now a party or by which the Company or any of its subsidiaries or any of their respective properties or assets may be bound or affected. The consummation by the Company of the transactions contemplated hereby will not result in any violation, conflict, breach, termination, acceleration or creation of liens under any of the terms, conditions or provisions described in clauses (i) through (iii) of the preceding sentence, subject (x) in the case of the terms, conditions or provisions described in clause (ii) above, to obtaining (prior to the Effective Time) the Company Required Statutory Approvals and the Company Stockholders' Approval and (y) in the case of the terms, conditions or provisions described in clause (iii) above, to obtaining (prior to the Effective Time) consents required from commercial lenders, lessors or other third parties as specified in the Company Disclosure Schedule. Excluded from the foregoing sentences of this paragraph (b), insofar as they apply to the terms, conditions or provisions described in clauses (ii) and (iii) of the first sentence of this paragraph (b), are such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens, security interests, charges or encumbrances that would not, in the aggregate, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

(c) Except for (i) the filings by the Company required by the HSR Act, (ii) the filing of the Joint Proxy Statement/Prospectus with the SEC pursuant to the Exchange Act, (iii) the making of the Merger Filing with the Secretary of State of the State of Delaware in connection with the Merger and (iv) any required filings with or approvals from applicable state environmental authorities, public service commissions and public utility commissions (the filings and approvals referred to in clauses (i) through (iv) are collectively referred to as the "Company Required Statutory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not made or obtained, as the case may be, would not, in the aggregate, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.5. REPORTS AND FINANCIAL STATEMENTS. Since January 1, 1994, the Company has filed with the SEC all material forms, statements, reports and documents (including all exhibits, post-effective amendments and supplements thereto) required to be filed by it under each of the Securities Act, the Exchange Act and the respective rules and regulations thereunder, all of which, as amended if applicable,

complied when filed in all material respects with all applicable requirements of the appropriate act and the rules and regulations thereunder. The Company has previously delivered to Parent copies (including all exhibits, post-effective amendments and supplements thereto) of its (a) Annual Reports on Form 10-K for the year ended December 31, 1995, and for the immediately preceding fiscal year, as filed with the SEC, (b) proxy and information statements relating to (i) all meetings of its stockholders (whether annual or special) and (ii) actions by written consent in lieu of a stockholders' meeting from January 1, 1994, until the date hereof, and (c) all other reports, including quarterly reports, and registration statements filed by the Company with the SEC since January 1, 1994 (other than registration statements filed on Form S-8) (the documents referred to in clauses (a), (b) and (c) filed prior to the date hereof are collectively referred to as the "Company SEC Reports"). The Company SEC Reports are identified on the Company Disclosure Schedule. As of their respective dates, the Company 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 therein, in the light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited interim consolidated financial statements of the Company included in such reports (collectively, the "Company Financial Statements") have been prepared in accordance with generally accepted accounting principles applied on a consistent basis (except as may be indicated therein or in the notes thereto) and fairly present the financial position of the Company and its subsidiaries as of the dates thereof and the results of their operations and changes in financial position for the periods then ended, subject, in the case of the unaudited interim financial statements, to normal year-end and audit adjustments and any other adjustments described therein.

SECTION 5.6. ABSENCE OF UNDISCLOSED LIABILITIES. Except as disclosed in the Company SEC Reports or as heretofore disclosed to Parent in writing with respect to acquisitions or potential transactions or commitments, neither the Company nor any of its subsidiaries had at December 31, 1995, or has incurred since that date, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except (a) liabilities, obligations or contingencies (i) which are accrued or reserved against in the Company Financial Statements or reflected in the notes thereto or (ii) which were incurred after December 31, 1995, and were incurred in the ordinary course of business and consistent with past practices, (b) liabilities, obligations or contingencies which (i) would not, in the aggregate, have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole or (ii) have been discharged or paid in full prior to the date hereof, and (c) liabilities and obligations which are of a nature not required to be reflected in the consolidated financial statements of the Company and its subsidiaries prepared in accordance with generally accepted accounting principles consistently applied and which were incurred in the ordinary course of business.

SECTION 5.7. ABSENCE OF CERTAIN CHANGES OR EVENTS. Since the date of the most recent Company SEC Report that contains consolidated financial statements of the Company, there has not been any material adverse change in the business, operations, properties, assets, liabilities, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole, except for changes that affect the industries in which the Company and its subsidiaries operate generally.

SECTION 5.8. LITIGATION. Except as referred to in the Company SEC Reports, there are no claims, suits, actions or proceedings pending or, to the knowledge of the Company, threatened against, relating to or affecting the Company or any of its subsidiaries, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seek to restrain the consummation of the Merger or which could reasonably be expected, either alone or in the aggregate with all such claims,

actions or proceedings, to materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. Except as referred to in the Company SEC Reports, neither the Company nor any of its subsidiaries is subject to any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator which prohibits or restricts the consummation of the transactions contemplated hereby or would have any material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.9. REGISTRATION STATEMENT AND PROXY STATEMENT. None of the information to be supplied by the Company or its subsidiaries for inclusion in (a) the Registration Statement or (b) the Proxy Statement will, in the case of the Proxy Statement or any amendments thereof or supplements thereto, at the time of the mailing of the Proxy Statement and any amendments or supplements thereto, and at the time of the meetings of stockholders of the Company and Parent to be held in connection with the transactions contemplated by this Agreement or, in the case of the Registration Statement, as amended or supplemented, at the time it becomes effective and at the time of such meetings of the stockholders of the Company and Parent, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Joint Proxy Statement/Prospectus will comply, as of its mailing date, as to form in all material respects with all applicable laws, including the provisions of the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder, except that no representation is made by the Company with respect to information supplied by Parent, Subsidiary or any stockholder of Parent for inclusion therein.

SECTION 5.10. NO VIOLATION OF LAW. Except as disclosed in the Company SEC Reports, neither the Company nor any of its subsidiaries is in violation of or has been given notice or been charged with any violation of, any law, statute, order, rule, regulation, ordinance or judgment (including, without limitation, any applicable environmental law, ordinance or regulation) of any governmental or regulatory body or authority, except for violations which, in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. Except as disclosed in the Company SEC Reports, as of the date of this Agreement, to the knowledge of the Company, no investigation or review by any governmental or regulatory body or authority is pending or threatened, nor has any governmental or regulatory body or authority indicated an intention to conduct the same, other than, in each case, those the outcome of which, as far as reasonably can be foreseen, will not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. The Company and its subsidiaries have all permits, licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals necessary to conduct their businesses as presently conducted (collectively, the "Company Permits"), except for permits, licenses, franchises, variances, exemptions, orders, authorizations, consents and approvals the absence of which, alone or in the aggregate, would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. The Company and its subsidiaries are not in violation of the terms of any Company Permit, except for delays in filing reports or violations which, alone or in the aggregate, would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other), results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.11. COMPLIANCE WITH AGREEMENTS. Except as disclosed in the Company SEC Reports, the Company and each of its subsidiaries are not in breach or violation of or in default in the performance or observance of any term or provision of, and no event has occurred which, with lapse of time or action by a third party, could result in a default under, (a) the respective charter, by-laws or similar organizational instruments of the Company or any of its subsidiaries or (b) any contract, commitment, agreement, indenture, mortgage, loan agreement, note, lease, bond, license, approval or other instrument to which the Company or any of its subsidiaries is a party or by which any of them is bound or to which any of their property is subject, other than, in the case of clause (b) of this Section 5.11, breaches, violations and defaults which would not have, in the aggregate, a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.12. TAXES. The Company and its subsidiaries have (i) duly filed with the appropriate governmental authorities all Tax Returns required to be filed by them for all periods ending on or prior to the Effective Time, other than those Tax Returns the failure of which to file would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole, and such Tax Returns are true, correct and complete in all material respects, and (ii) duly paid in full or made adequate provision for the payment of all Taxes for all past and current periods. The liabilities and reserves for Taxes reflected in the Company balance sheet included in the latest Company SEC Report are adequate to cover all Taxes for all periods ending at or prior to the date of such balance sheet and there is no liability for Taxes for any period beginning after such date other than Taxes arising in the ordinary course of business. There are no material liens for Taxes upon any property or asset of the Company or any subsidiary thereof, except for liens for Taxes not yet due. There are no unresolved issues of law or fact arising out of a notice of deficiency, proposed deficiency or assessment from the IRS or any other governmental taxing authority with respect to Taxes of the Company or any of its subsidiaries which, if decided adversely, singly or in the aggregate, would have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. Neither the Company nor its subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than waivers and extensions which are no longer in effect. Neither the Company nor any of its subsidiaries is a party to any agreement providing for the allocation or sharing of Taxes with any entity that is not, directly or indirectly, a wholly-owned corporate subsidiary of Company other than agreements the consequences of which are fully and adequately reserved for in the Company Financial Statements. Neither the Company nor any of its corporate subsidiaries has, with regard to any assets or property held, acquired or to be acquired by any of them, filed a consent to the application of Section 341(f) of the Code.

SECTION 5.13. EMPLOYEE BENEFIT PLANS; ERISA. (a) Except as disclosed in the Company SEC Reports, at the date hereof, the Company and its subsidiaries do not maintain or contribute to or have any obligation or liability to or with respect to any material employee benefit plans, programs, arrangements or practices (such plans, programs, arrangements or practices of the Company and its subsidiaries being referred to as the "Company Plans"), including employee benefit plans within the meaning set forth in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other similar material arrangements for the provision of benefits (excluding any "Multi-employer Plan" within the meaning of Section 3(37) of ERISA or a "Multiple Employer Plan" within the meaning of Section 413(c) of the Code). The Company Disclosure Schedule lists all Multi-employer Plans to which any of them makes contributions or has any obligation or liability to make contributions. Neither the Company nor any of its subsidiaries maintains or has any liability with respect to any Multiple Employer Plan. Neither the Company nor any

of its subsidiaries has any obligation to create or contribute to any additional such plan, program, arrangement or practice or to amend any such plan, program, arrangement or practice so as to increase benefits or contributions thereunder, except as required under the terms of the Company Plans, under existing collective bargaining agreements or to comply with applicable law.

(b) Except as disclosed in the Company SEC Reports, (i) there have been no prohibited transactions within the meaning of Section 406 or 407 of ERISA or Section 4975 of the Code with respect to any of the Company Plans that could result in penalties, taxes or liabilities which, singly or in the aggregate, could have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole, (ii) except for premiums due, there is no outstanding material liability, whether measured alone or in the aggregate, under Title IV of ERISA with respect to any of the Company Plans, (iii) neither the Pension Benefit Guaranty Corporation nor any plan administrator has instituted proceedings to terminate any of the Company Plans subject to Title IV of ERISA other than in a "standard termination" described in Section 4041(b) of ERISA, (iv) none of the Company Plans has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, as of the last day of the most recent fiscal year of each of the Company Plans ended prior to the date of this Agreement, (v) the current present value of all projected benefit obligations under each of the Company Plans which is subject to Title IV of ERISA did not, as of its latest valuation date, exceed the then current value of the assets of such plan allocable to such benefit liabilities by more than the amount, if any, disclosed in the Company SEC Reports as of March 31, 1996, based upon reasonable actuarial assumptions currently utilized for such Company Plan, (vi) each of the Company Plans has been operated and administered in all material respects in accordance with applicable laws during the period of time covered by the applicable statute of limitations, (vii) each of the Company Plans which is intended to be "qualified" within the meaning of Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified and such determination has not been modified, revoked or limited by failure to satisfy any condition thereof or by a subsequent amendment thereto or a failure to amend, except that it may be necessary to make additional amendments retroactively to maintain the "qualified" status of such Company Plans, and the period for making any such necessary retroactive amendments has not expired, (viii) with respect to Multi-employer Plans, neither the Company nor any of its subsidiaries has made or suffered a "complete withdrawal" or a "partial withdrawal," as such terms are respectively defined in Sections 4203, 4204 and 4205 of ERISA and, to the best knowledge of the Company and its subsidiaries, no event has occurred or is expected to occur which presents a material risk of a complete or partial withdrawal under said Sections 4203, 4204 and 4205, (ix) to the best knowledge of the Company and its subsidiaries, there are no material pending, threatened or anticipated claims involving any of the Company Plans other than claims for benefits in the ordinary course, (x) the Company and its subsidiaries have no current material liability under Title IV of ERISA, and the Company and its subsidiaries do not reasonably anticipate that any such liability will be asserted against the Company or any of its subsidiaries, and (xi) no act, omission or transaction (individually or in the aggregate) has occurred with respect to any Company Plan that has resulted or could result in any material liability (direct or indirect) of the Company or any subsidiary under Sections 409 or 502(c)(i) or (1) of ERISA or Chapter 43 of Subtitle (A) of the Code. None of the Company Controlled Group Plans has an "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code) or is required to provide security to a Company Plan pursuant to Section 401(a)(29) of the Code. Each Company Plan can be unilaterally terminated by the Company or a subsidiary at any time without material liability, other than for amounts previously reflected in the financial statements (or notes thereto) included in the Company SEC Reports.

(c) The Company SEC Reports contain a true and complete summary or list of or otherwise describe all material employment contracts and other employee benefit arrangements with "change of control" or similar provisions and all severance agreements with executive officers.

(d) There are no agreements which will or may provide payments to any officer, employee, stockholder, or highly compensated individual which will be "parachute payments" under Code Section 280G that are nondeductible to the Company or subject to tax under Code Section 4999 for which the Company or any ERISA Affiliate would have withholding liability.

SECTION 5.14. LABOR CONTROVERSIES. Except as disclosed in the Company SEC Reports, (a) there are no significant controversies pending or, to the knowledge of the Company, threatened between the Company or its subsidiaries and any representatives of any of their employees and (b) to the knowledge of the Company, there are no material organizational efforts presently being made involving any of the presently unorganized employees of the Company or its subsidiaries, except for such controversies and organizational efforts, which, singly or in the aggregate, could not reasonably be expected to materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.15. ENVIRONMENTAL MATTERS. Except as disclosed in the Company SEC Reports, (i) the Company and its subsidiaries have conducted their respective businesses in compliance with all applicable Environmental Laws, including, without limitation, having all permits, licenses and other approvals and authorizations necessary for the operation of their respective businesses as presently conducted, (ii) none of the properties owned by the Company or any of its subsidiaries contain any Hazardous Substance as a result of any activity of the Company or any of its subsidiaries in amounts exceeding the levels permitted by applicable Environmental Laws, (iii) neither the Company nor any of its subsidiaries has received any notices, demand letters or requests for information from any Federal, state, local or foreign governmental entity or third party indicating that the Company or any of its subsidiaries may be in violation of, or liable under, any Environmental Law in connection with the ownership or operation of their businesses, (iv) there are no civil, criminal or administrative actions, suits, demands, claims, hearings, investigations or proceedings pending or threatened, against the Company or any of its subsidiaries relating to any violation, or alleged violation, of any Environmental Law, (v) no reports have been filed, or are required to be filed, by the Company or any of its subsidiaries concerning the release of any Hazardous Substance or the threatened or actual violation of any Environmental Law, (vi) no Hazardous Substance has been disposed of, released or transported in violation of any applicable Environmental Law from any properties owned by the Company or any of its subsidiaries as a result of any activity of the Company or any of its subsidiaries during the time such properties were owned, leased or operated by the Company or any of its subsidiaries, (vii) no underground storage tanks have been installed, closed or removed from any properties owned by the Company or any of its subsidiaries during, in the case of the Company, the time such properties were owned, leased or operated by the Company and during, in the case of each subsidiary, the time such subsidiary has been owned by the Company, (viii) there is no asbestos or asbestos containing material present in any of the properties owned by the Company and its subsidiaries, and no asbestos has been removed from any of such properties during the time such properties were owned, leased or operated by the Company or any of its subsidiaries, and (ix) neither the Company, its subsidiaries nor any of their respective properties are subject to any material liabilities or expenditures (fixed or contingent) relating to any suit, settlement, court order, administrative order, regulatory requirement, judgment or claim asserted or arising under any Environmental Law, except for violations of the foregoing clauses (i) through (ix) that, singly or in the aggregate, would not reasonably be expected to have a material adverse effect on the

business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.16. NON-COMPETITION AGREEMENTS. Except as disclosed in the Company SEC Reports, neither the Company nor any subsidiary of the Company is a party to any agreement which purports to restrict or prohibit in any material respect any of them or any corporation affiliated with any of them from, directly or indirectly, engaging in any business involving the collection, interim storage, transfer, recovery, processing, recycling, marketing or disposal of rubbish, garbage, paper, textile wastes, chemical or hazardous wastes, liquid and other wastes or any other material business currently engaged in by Parent or the Company, or any corporations affiliated with either of them. None of the Company's officers, directors or key employees is a party to any agreement which, by virtue of such person's relationship with the Company, restricts in any material respect the Company or any subsidiary or affiliate of the Company from, directly or indirectly, engaging in any of the businesses described above.

SECTION 5.17. TITLE TO ASSETS. The Company and each of its subsidiaries has good and marketable title in fee simple to all its real property and good title to all its leasehold interests and other properties, as reflected in the most recent balance sheet included in the Company Financial Statements, except for properties and assets that have been disposed of in the ordinary course of business since the date of such balance sheet, free and clear of all mortgages, liens, pledges, charges or encumbrances of any nature whatsoever, except (i) the lien for current taxes, payments of which are not yet delinquent, (ii) such imperfections in title and easements and encumbrances, if any, as are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present use of the property subject thereto or affected thereby, or otherwise materially impair the Company's business operations (in the manner presently carried on by the Company) or (iii) as disclosed in the Company SEC Reports, and except for such matters which, singly or in the aggregate, could not reasonably be expected to materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole. All leases under which the Company or any of its subsidiaries leases any real or personal property are in good standing, valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing default or event which with notice or lapse of time or both would become a default other than failures to be in good standing, valid and effective and defaults under such leases which in the aggregate will not materially and adversely affect the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole.

SECTION 5.18. REORGANIZATION AND POOLING OF INTERESTS. Neither the Company nor, to the knowledge of the Company, any of its 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 (a) constituting a reorganization qualifying under the provisions of Section 368(a) of the Code or (b) being treated for financial accounting purposes as a Pooling Transaction.

SECTION 5.19. COMPANY STOCKHOLDERS' APPROVAL. The affirmative vote of stockholders of the Company required for approval and adoption of this Agreement and the Merger is a majority of the outstanding shares of Company Common Stock entitled to vote thereon.

SECTION 5.20. BROKERS AND FINDERS. Except for the fees and expenses payable to Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"), which fees are reflected in its agreement with the Company (a copy of which has been delivered to Parent), the Company has not entered into any contract, arrangement

or understanding with any person or firm which may result in the obligation of the Company to pay any finder's fees, brokerage or agent commissions or other like payments in connection with the transactions contemplated hereby. Except for the fees and expenses paid or payable to Merrill, there is no claim for payment by the Company of any investment banking fees, finder's fees, brokerage or agent commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

SECTION 5.21. OPINION OF FINANCIAL ADVISOR. The financial advisor of the Company, Merrill, has rendered a written opinion to the Board of Directors of the Company to the effect that the Exchange Ratio is fair from a financial point of view to the stockholders of the Company.

SECTION 5.22. AMENDMENT TO PREFERRED STOCK RIGHTS AGREEMENT. (a) The Board of Directors of the Company has taken all necessary action to amend the Preferred Stock Rights Agreement so that none of the execution and delivery of this Agreement, the conversion of shares of Company Common Stock into the right to receive Parent Common Stock in accordance with Article III of this Agreement, and the consummation of the Merger or any other transaction contemplated hereby (but specifically not including any acquisition of beneficial ownership of Common Stock other than through the execution and delivery of this Agreement, the consummation of the Merger or the execution of the voting agreements described in the recitals to this Agreement) will cause (i) the Preferred Stock Purchase Rights issued pursuant to the Preferred Stock Rights Agreement to become exercisable under the Preferred Stock Rights Agreement, (ii) Parent or any of Parent's direct or indirect subsidiaries to be deemed an "Acquiring Person" (as such term is defined in the Preferred Stock Rights Agreement), (iii) any such event to be deemed a "Section 11(a) (ii) Event" or a "Section 13 Event" (as such terms are defined in the Preferred Stock Rights Agreement) or (iv) the "Stock Acquisition Date" (as such term is defined in the Preferred Stock Rights Agreement) to occur upon any such event.

(b) The "Expiration Date" (as such term is defined in the Preferred Stock Rights Agreement) of the Preferred Stock Purchase Rights will occur immediately prior to the Effective Time.

(c) The "Distribution Date" (as such term is defined in the Preferred Stock Rights Agreement) has not occurred.

SECTION 5.23. COMPANY DISCLOSURE SCHEDULE. The information set forth in the Company Disclosure Schedule does 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 therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE VI CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 6.1. CONDUCT OF BUSINESS BY THE COMPANY PENDING THE MERGER. Except as otherwise contemplated by this Agreement or disclosed in Section 6.1 of the Company Disclosure Schedule, after the date hereof and prior to the Closing Date or earlier termination of this Agreement, unless Parent shall otherwise agree in writing, the Company shall, and shall cause its subsidiaries to:

(a) conduct their respective businesses in the ordinary and usual course of business and consistent with past practice;

(b) not (i) amend or propose to amend their respective charter or by-laws, (ii) split, combine or reclassify their outstanding capital stock or (iii) declare, set aside or pay any dividend or distribution payable in cash, stock, property or otherwise, except for the payment of dividends or distributions by a wholly-owned subsidiary of the Company;

(c) not issue, sell, pledge or dispose of, or agree to issue, sell, pledge or dispose of, any additional shares of, or any options, warrants or rights of any kind to acquire any shares of their capital stock of any class or any debt or equity securities convertible into or exchangeable for such capital stock, except that (i) the Company may issue shares upon conversion of convertible securities and exercise of options and warrants outstanding on the date hereof and (ii) the Company may issue shares of Company Common Stock in connection with acquisitions of assets or businesses pursuant to the proviso of Section 6.1(d);

(d) not (i) incur or become contingently liable with respect to any indebtedness for borrowed money other than (A) borrowings in the ordinary course of business or (B) borrowings to refinance existing indebtedness on terms which are reasonably acceptable to Parent or (C) as set forth in the proviso in this Section 6.1(d), (ii) redeem, purchase, acquire or offer to purchase or acquire any shares of its capital stock or any options, warrants or rights to acquire any of its capital stock or any security convertible into or exchangeable for its capital stock, (iii) take any action that would jeopardize the treatment of the Merger as a pooling of interests under Opinion No. 16 of the Accounting Principles Board ("APB No. 16"), (iv) take or fail to take any action which action or failure to take action would cause the Company or its stockholders (except to the extent that any stockholders receive cash in lieu of fractional shares and except to the extent of Stockholders in special circumstances) to recognize gain or loss for federal income tax purposes as a result of the consummation of the Merger or would otherwise cause the Merger not to qualify as a reorganization under Section 368 of the Code, (v) make any acquisition of any assets or businesses other than expenditures for current assets in the ordinary course of business and expenditures for fixed or capital assets in the ordinary course of business and consistent with the Company's capital budget disclosed in Section 6.1 of the Company Disclosure Schedule and other than as set forth in the proviso in this Section 6.1(d), (vi) sell, pledge, dispose of or encumber any material assets or businesses other than sales in the ordinary course of business or (vii) enter into any binding contract, agreement, commitment or arrangement with respect to any of the foregoing; provided, however, that notwithstanding the foregoing (other than subsections (iii) and (iv) of this Section 6.1(d)), the Company shall not be prohibited from acquiring any assets or businesses or issuing Company Common Stock or incurring or assuming indebtedness in connection with such acquisitions so long as (x) the aggregate value of consideration paid or payable in connection with all such acquisitions, including any funded indebtedness assumed and any Company Common Stock (valued for purposes of this limitation at a price per share equal to the price of the Company Common Stock on the date an agreement in respect of an acquisition is entered into) issued or issuable in connection with such acquisitions, does not exceed \$80 million (excluding any acquisitions for which a letter of intent has been executed and which are identified on the Company Disclosure Schedule), (y) the aggregate value of consideration paid or payable for any one such acquisition, including any funded indebtedness assumed and any Company Common Stock (valued for purposes of this limitation at a price per share equal to the price of the Company Common Stock on the date an agreement in

respect of an acquisition is entered into) issued or issuable in connection with such acquisition, does not exceed \$20 million (excluding any acquisitions for which a letter of intent has been executed and which are identified on the Company Disclosure Schedule) and (z) the Company will not acquire or agree to acquire any assets or businesses if such acquisition or agreement may reasonably be expected to delay the consummation of the Merger;

(e) use all reasonable efforts to preserve intact their respective business organizations and goodwill, keep available the services of their respective present officers and key employees, and preserve the goodwill and business relationships with customers and others having business relationships with them and not engage in any action, directly or indirectly, with the intent to adversely impact the transactions contemplated by this Agreement;

(f) subject to restrictions imposed by applicable law, confer on a regular and frequent basis with one or more representatives of Parent to report operational matters of materiality and the general status of ongoing operations;

(g) not enter into or amend any employment, severance, special pay arrangement with respect to termination of employment or other similar arrangements or agreements with any directors, officers or key employees, except in the ordinary course and consistent with past practice; provided, however, that the Company and its subsidiaries shall in no event enter into any written employment agreement;

(h) not adopt, enter into or amend any bonus, profit sharing, compensation, stock option, pension, retirement, deferred compensation, health care, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any employee or retiree, except as required to comply with changes in applicable law;

(i) use commercially reasonable efforts to maintain with financially responsible insurance companies insurance on its tangible assets and its businesses in such amounts and against such risks and losses as are consistent with past practice; and

(j) not make, change or revoke any material Tax election or make any material agreement or settlement regarding Taxes with any taxing authority.

SECTION 6.2. CONDUCT OF BUSINESS BY PARENT AND SUBSIDIARY PENDING THE MERGER. Except as otherwise contemplated by this Agreement, after the date hereof and prior to the Closing Date or earlier termination of this Agreement, unless the Company shall otherwise agree in writing, Parent shall, and shall cause its subsidiaries to:

(a) conduct their respective businesses in the ordinary and usual course of business and consistent with past practice;

(b) not (i) amend or propose to amend their respective charter (except for the amendment by Parent of its Certificate of Incorporation to increase the number of authorized shares of Parent Common Stock) or by-laws, (ii) split, combine or reclassify (whether by stock dividend or otherwise) their outstanding capital stock, or (iii) declare, set aside or pay any dividend or

distribution payable in cash, stock, property or otherwise, except for the payment of dividends or distributions by a wholly-owned subsidiary of Parent;

(c) not issue, sell, pledge or dispose of, or agree to issue, sell, pledge or dispose of, any additional shares of, or any options, warrants or rights of any kind to acquire any shares of their capital stock of any class or any debt or equity securities convertible into or exchangeable for such capital stock, except that (i) Parent may issue shares upon conversion of convertible securities and exercise of options outstanding on the date hereof, (ii) Parent may issue options (and shares upon exercise of such options) pursuant to its employee stock option plans in effect on the date hereof in the ordinary course of business and consistent with past practices and (iii) Parent may issue shares of capital stock (or warrants or options to acquire capital stock) in connection with acquisitions of assets or businesses pursuant to the proviso of Section 6.2(d);

(d) not (i) incur or become contingently liable with respect to any indebtedness for borrowed money other than (A) borrowings in the ordinary course of business, (B) borrowings to refinance existing indebtedness on terms which are reasonably acceptable to the Company, or (C) as set forth in the proviso in this Section 6.2(d), (ii) redeem, purchase, acquire or offer to purchase or acquire any shares of its capital stock or any options, warrants or rights to acquire any of its capital stock or any security convertible into or exchangeable for its capital stock, (iii) take any action that would jeopardize the treatment of the Merger as a pooling of interests under APB No. 16, (iv) take or fail to take any action which action or failure to take action would cause Parent or its stockholders to recognize gain or loss for federal income tax purposes as a result of the consummation of the Merger or would otherwise cause the Merger not to qualify as a reorganization under Section 368 of the Code, (v) sell, pledge, dispose of or encumber any material assets or businesses other than sales in the ordinary course of business, (vi) make any acquisition of any assets or businesses other than expenditures for current assets in the ordinary course of business and expenditures for fixed or capital assets in the ordinary course of business and other than as set forth in the proviso of this Section 6.2(d) or (vii) enter into any binding contract, agreement, commitment or arrangement with respect to any of the foregoing; provided, however, that notwithstanding the foregoing (other than subsections (iii) and (iv) of this Section 6.2(d)), Parent shall not be prohibited from acquiring any assets or businesses or issuing capital stock (or warrants or options to acquire capital stock) or incurring or assuming indebtedness in connection with such acquisitions so long as (x) the aggregate value of consideration paid or payable in connection with all such acquisitions, including any funded indebtedness assumed and any Parent Common Stock (valued for purposes of this limitation at a price per share equal to the price of Parent Common Stock on the date an agreement in respect of an acquisition is entered into) issued or issuable in connection with such acquisitions, does not exceed \$160 million (excluding any acquisitions for which a letter of intent has been executed and which are identified on the Parent Disclosure Schedule), (y) the aggregate value of consideration paid or payable for any one such acquisition, including any funded indebtedness assumed and any Parent Common Stock (valued for purposes of this limitation at a price per share equal to the price of Parent Common Stock on the date an agreement in respect of an acquisition is entered into) issued or issuable in connection with such acquisition, does not exceed \$40 million (excluding any acquisitions for which a letter of intent has been executed and which are identified on the Parent Disclosure Schedule) and (z) Parent will not acquire or agree to acquire any assets or businesses if such acquisition or agreement may reasonably be expected to delay the consummation of the Merger;

(e) use all reasonable efforts to preserve intact their respective business organizations and goodwill, keep available the services of their respective present officers and key employees, and preserve the goodwill and business relationships with customers and others having business relationships with them and not engage in any action, directly or indirectly, with the intent to adversely impact the transactions contemplated by this Agreement.

(f) subject to restrictions imposed by applicable law, confer on a regular and frequent basis with one or more representatives of the Company to report operational matters of materiality and the general status of ongoing operations; and

(g) use commercially reasonable efforts to maintain with financially responsible insurance companies insurance on its tangible assets and its businesses in such amounts and against such risks and losses as are consistent with past practice.

SECTION 6.3. CONTROL OF THE COMPANY'S OPERATIONS. Nothing contained in this Agreement shall give to Parent, directly or indirectly, rights to control or direct the Company's operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of its operations.

SECTION 6.4. CONTROL OF PARENT'S OPERATIONS. Nothing contained in this Agreement shall give to the Company, directly or indirectly, rights to control or direct Parent's operations prior to the Effective Time. Prior to the Effective Time, Parent shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of its operations.

SECTION 6.5. ACQUISITION TRANSACTIONS. (a) After the date hereof and prior to the Effective Time or earlier termination of this Agreement, the Company shall not, and shall not permit any of its subsidiaries to, initiate, solicit, negotiate, encourage or provide confidential information to facilitate, and the Company shall, and shall cause each of its subsidiaries to, cause any officer, director or employee of, or any attorney, accountant, investment banker, financial advisor or other agent retained by it, not to initiate, solicit, negotiate, encourage or provide non-public or confidential information to facilitate, any proposal or offer to acquire all or any substantial part of the business and properties of the Company or any capital stock of the Company, whether by merger, purchase of assets, tender offer or otherwise, whether for cash, securities or any other consideration or combination thereof (any such transactions being referred to herein as an "Acquisition Transaction").

(b) Notwithstanding the provisions of paragraph (a) above, (i) the Company may, in response to an unsolicited written proposal or indication of interest with respect to a potential or proposed Acquisition Transaction ("Acquisition Proposal"), furnish (subject to the execution of a confidentiality agreement and standstill agreement containing provisions substantially similar to the confidentiality and standstill provisions of the Confidentiality Agreements, as defined in Section 10.4) confidential or non-public information to a financially capable corporation, partnership, person or other entity or group (a "Potential Acquirer") and negotiate with such Potential Acquirer if the Board of Directors of the Company after consulting with its outside legal counsel, determines in good faith that the failure to provide such confidential or non-public information to or negotiate with such Potential Acquirer would constitute a breach of its fiduciary duty to the Company's stockholders and (ii) the Company's Board of Directors may take and disclose to the Company's stockholders a position contemplated by Rule 14e-2 under the Exchange Act. It is understood

and agreed that negotiations conducted in accordance with this paragraph (b) shall not constitute a violation of paragraph (a) of this Section 6.5.

(c) The Company shall immediately notify Parent after receipt of any Acquisition Proposal or any request for nonpublic information relating to the Company or its subsidiaries in connection with an Acquisition Proposal or for access to the properties, books or records of the Company or any subsidiary by any person or entity that informs the Board of Directors of the Company or such subsidiary that it is considering making, or has made, an Acquisition Proposal. Such notice to Parent shall be made orally and in writing and shall indicate in reasonable detail the identity of the offeror and the terms and conditions of such proposal, inquiry or contact.

ARTICLE VII
ADDITIONAL AGREEMENTS

SECTION 7.1. ACCESS TO INFORMATION. (a) The Company and its subsidiaries shall afford to Parent and Subsidiary and their respective accountants, counsel, financial advisors and other representatives (the "Parent Representatives") and Parent and its subsidiaries shall afford to the Company and its accountants, counsel, financial advisors and other representatives (the "Company Representatives") full access during normal business hours throughout the period prior to the Effective Time to all of their respective properties, books, contracts, commitments and records (including, but not limited to, Tax Returns) and, during such period, shall furnish promptly to one another (i) a copy of each report, schedule and other document filed or received by any of them pursuant to the requirements of federal or state securities laws or filed by any of them with the SEC in connection with the transactions contemplated by this Agreement and (ii) such other information concerning their respective businesses, properties and personnel as Parent or Subsidiary or the Company, as the case may be, shall reasonably request; provided, however, that no investigation pursuant to this Section 7.1 shall amend or modify any representations or warranties made herein or the conditions to the obligations of the respective parties to consummate the Merger. Parent and its subsidiaries shall hold and shall use their reasonable best efforts to cause the Parent Representatives to hold, and the Company and its subsidiaries shall hold and shall use their reasonable best efforts to cause the Company Representatives to hold, in strict confidence all non-public documents and information furnished to Parent and Subsidiary or to the Company, as the case may be, in connection with the transactions contemplated by this Agreement, except that (i) Parent, Subsidiary and the Company may disclose such information as may be necessary in connection with seeking the Parent Required Statutory Approvals and Parent Stockholders' Approval, the Company Required Statutory Approvals and the Company Stockholders' Approval and (ii) each of Parent, Subsidiary and the Company may disclose any information that it is required by law or judicial or administrative order to disclose.

(b) In the event that this Agreement is terminated in accordance with its terms, each party shall promptly redeliver to the other all non-public written material provided pursuant to this Section 7.1 and shall not retain any copies, extracts or other reproductions in whole or in part of such written material. In such event, all documents, memoranda, notes and other writings prepared by Parent or the Company based on the information in such material shall be destroyed (and Parent and the Company shall use their respective reasonable best efforts to cause their advisors and representatives to similarly destroy their documents, memoranda and notes), and such destruction (and reasonable best efforts) shall be certified in writing by an authorized officer supervising such destruction.

(c) The Company shall promptly advise Parent and Parent shall promptly advise the Company in writing of any change or the occurrence of any event after the date of this Agreement having, or which, insofar as can reasonably be foreseen, in the future may have, any material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries or Parent and its subsidiaries, as the case may be, taken as a whole.

SECTION 7.2. REGISTRATION STATEMENT AND PROXY STATEMENT. Parent and the Company shall file with the SEC as soon as is reasonably practicable after the date hereof the Joint Proxy Statement/Prospectus and shall use all reasonable efforts to have the Registration Statement declared effective by the SEC as promptly as practicable. Parent shall also take any action required to be taken under applicable state blue sky or securities laws in connection with the issuance of Parent Common Stock pursuant hereto. Parent and the Company shall promptly furnish to each other all information, and take such other actions, as may reasonably be requested in connection with any action by any of them in connection with the preceding sentence. The information provided and to be provided by Parent and the Company, respectively, for use in the Joint Proxy Statement/Prospectus shall 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 therein, in the light of the circumstances under which they were made, not misleading.

SECTION 7.3. STOCKHOLDERS' APPROVALS. (a) The Company shall, as promptly as practicable, submit this Agreement and the transactions contemplated hereby for the approval of its stockholders at a meeting of stockholders and, subject to the fiduciary duties of the Board of Directors of the Company under applicable law, shall use its reasonable best efforts to obtain stockholder approval and adoption (the "Company Stockholders' Approval") of this Agreement and the transactions contemplated hereby. Such meeting of stockholders shall be held as soon as practicable following the date upon which the Registration Statement becomes effective. Subject to the fiduciary duties of the Board of Directors of the Company under applicable law, the Company shall, through its Board of Directors, recommend to its stockholders approval of the transactions contemplated by this Agreement.

(b) Parent shall, as promptly as practicable, submit this Agreement and the transactions contemplated hereby for the approval of its stockholders at a meeting of stockholders and, subject to the fiduciary duties of the Board of Directors of Parent under applicable law, shall use its reasonable best efforts to obtain stockholder approval and adoption (the "Parent Stockholders' Approval") of this Agreement and the transactions contemplated hereby. Such meeting of stockholders shall be held as soon as practicable following the date on which the Registration Statement becomes effective. Parent shall, through its Board of Directors, subject to the fiduciary duties of the members thereof, (i) recommend to its stockholders approval of the transactions contemplated by this Agreement and (ii) authorize and cause an officer of Parent to vote Parent's shares of Subsidiary Common Stock for adoption and approval of this Agreement and the transactions contemplated hereby and shall take all additional actions as the sole stockholder of Subsidiary necessary to adopt and approve this Agreement and the transactions contemplated hereby.

SECTION 7.4. COMPLIANCE WITH THE SECURITIES ACT. Parent and the Company shall each use its reasonable best efforts to cause each principal executive officer, each director and each other person who is an "affiliate," as that term is used in paragraphs (c) and (d) of Rule 145 under the Securities Act, of Parent or the Company, as the case may be, to deliver to Parent and the Company on or prior to the Effective Time a written agreement (an "Affiliate Agreement") to the effect that such person will not offer to sell, sell or otherwise dispose of any shares of Parent Common Stock issued in the Merger, except, in each case, pursuant to an effective registration statement or in compliance with Rule 145, as amended from time to time, or in

a transaction which, in the opinion of legal counsel satisfactory to Parent, is exempt from the registration requirements of the Securities Act and, in any case, until after the results covering 30 days of post-Merger combined operations of Parent and the Company have been filed with the SEC, sent to stockholders of Parent or otherwise publicly issued.

SECTION 7.5. EXCHANGE LISTING. Parent shall use its reasonable best efforts to effect, at or before the Effective Time, authorization for listing on the New York Stock Exchange Inc. (the "NYSE"), upon official notice of issuance, of the shares of Parent Common Stock to be issued pursuant to the Merger or to be reserved for issuance upon exercise of stock options or warrants or the conversion of convertible securities.

SECTION 7.6. EXPENSES AND FEES. (a) All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, except that those expenses incurred in connection with printing and filing the Joint Proxy Statement/Prospectus shall be shared equally by Parent and the Company.

(b) The Company agrees to pay to Parent a fee equal to \$39,000,000 if:

(i) the Company terminates this Agreement pursuant to clause (iv) or (v) of Section 9.1(a); or

(ii) Parent terminates this Agreement pursuant to clause (v) of Section 9.1(b);

provided, however, that if the provisions of paragraph 5 of the Confidentiality Agreement between Parent as Recipient and the Company as Protected Party have lapsed and are no longer in force and effect as a result of the proviso set forth in paragraph 5 of such Confidentiality Agreement and Parent has taken actions that would otherwise be prohibited by paragraph 5 of such Confidentiality Agreement prior to the time that Parent is entitled to receive the payment required by this Section 7.6(b), Parent shall not be entitled to receive such payment if such payment shall later become payable pursuant to the terms of this Section 7.6(b); and, provided, further, that if Parent has received the payment required by this Section 7.6(b), the proviso set forth in paragraph 5 of such Confidentiality Agreement shall no longer be effective.

(c) Parent agrees to pay to the Company a fee equal to \$39,000,000 if the Company terminates this Agreement pursuant to clause (vi) of Section 9.1(a).

SECTION 7.7. AGREEMENT TO COOPERATE. (a) Subject to the terms and conditions herein provided and subject to the fiduciary duties of the respective boards of directors of the Company and Parent, each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all action 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 by this Agreement, including using its reasonable efforts to obtain all necessary or appropriate waivers, consents or approvals of third parties required in order to preserve material contractual relationships of the Company and its subsidiaries, all necessary or appropriate waivers, consents and approvals and SEC "no-action" letters to effect all necessary registrations, filings and submissions and to lift any injunction or other legal bar to the Merger (and, in such case, to proceed with the Merger as expeditiously as possible).

(b) Without limitation of the foregoing, each of Parent and the Company undertakes and agrees to file as soon as practicable after the date hereof a Notification and Report Form under the HSR Act with the

Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division"). Each of Parent and the Company shall (i) use its reasonable efforts to comply as expeditiously as possible with all lawful requests of the FTC or the Antitrust Division for additional information and documents and (ii) not extend any waiting period under the HSR Act or enter into any agreement with the FTC or the Antitrust Division not to consummate the transactions contemplated by this Agreement, except with the prior written consent of the other parties hereto.

(c) In the event any litigation is commenced by any person or entity relating to the transactions contemplated by this Agreement, including any Acquisition Transaction, Parent shall have the right, at its own expense, to participate therein, and the Company will not settle any such litigation without the consent of Parent, which consent will not be unreasonably withheld.

SECTION 7.8. PUBLIC STATEMENTS. The parties shall consult with each other prior to issuing any press release or any written public statement with respect to this Agreement or the transactions contemplated hereby and shall not issue any such press release or written public statement prior to such consultation.

SECTION 7.9. OPTION PLANS. Prior to the Effective Time, the Company and Parent shall take such action as may be necessary to cause each unexpired and unexercised option to purchase shares of Company Common Stock (each a "Company Option") to be automatically converted at the Effective Time into an option (each a "Parent Option") to purchase a number of shares of Parent Common Stock equal to the number of shares of Company Common Stock that could have been purchased under the Company Option multiplied by the Exchange Ratio, at a price per share of Parent Common Stock equal to the option exercise price determined pursuant to the Company Option divided by the Exchange Ratio and subject to the same terms and conditions as the Company Option. The date of grant of a substituted Parent Option shall be the date on which the corresponding Company Option was granted. At the Effective Time, all references in the stock option agreements to the Company shall be deemed to refer to Parent. Parent shall assume all of the Company's obligations with respect to Company Options as so amended and shall, from and after the Effective Time, make available for issuance upon exercise of the Parent Options all shares of Parent Common Stock covered thereby and amend its Registration Statement on Form S-8 or file a new registration statement to cover the additional shares of Parent Common Stock subject to Parent Options granted in replacement of Company Options.

SECTION 7.10. NOTIFICATION OF CERTAIN MATTERS. Each of the Company, Parent and Subsidiary agrees to give prompt notice to each other of, and to use their respective reasonable best efforts to prevent or promptly remedy, (i) the occurrence or failure to occur or the impending or threatened occurrence or failure to occur, of any event which occurrence or failure to occur would be likely to cause any of its representations or warranties in this Agreement to be untrue or inaccurate in any material respect at any time from the date hereof to the Effective Time and (ii) any material failure on its part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 7.10 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

SECTION 7.11. DIRECTORS' AND OFFICERS' INDEMNIFICATION. (a) The indemnification provisions of the Certificate of Incorporation of the Surviving Corporation as in effect at the Effective Time shall not be amended, repealed or otherwise modified for a period of six years from the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at the Effective Time were directors, officers, employees or agents of the Company, unless such modification is required by law.

(b) After the Effective Time, each of Parent and the Surviving Corporation shall, to the fullest extent permitted under applicable law, indemnify and hold harmless, each present and former director, officer, employee and agent of the Company or any of its subsidiaries (each, together with such person's heirs, executors or administrators, an "indemnified Party" and collectively, the "indemnified Parties") against any costs or expenses (including attorneys fees), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with any action or omission occurring prior to the Effective Time (including, without limitation, acts or omissions in connection with such persons serving as an officer, director or other fiduciary in any entity if such service was at the request or for the benefit of the Company) or arising out of or pertaining to the transactions contemplated by this Agreement. In the event of any such actual or threatened claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) the Company or Parent and the Surviving Corporation, as the case may be, shall pay the reasonable fees and expenses of counsel selected by the indemnified Parties, which counsel shall be reasonably satisfactory to the Parent and the Surviving Corporation, promptly after statements therefor are received and shall pay all other reasonable expenses in advance of the final disposition of such action, (ii) the Parent and the Surviving Corporation will cooperate and use all reasonable efforts to assist in the vigorous defense of any such matter, and (iii) to the extent any determination is required to be made with respect to whether an indemnified Party's conduct complies with the standards set forth under the DGCL and the Parent's or the Surviving Corporation's respective charters or By-Laws such determination shall be made by independent legal counsel acceptable to the Parent or the Surviving Corporation, as the case may be, and the indemnified Party; provided, however, that neither Parent nor the Surviving Corporation shall be liable for any settlement effected without its written consent (which consent shall not be unreasonably withheld) and, provided, further, that if Parent or the Surviving Corporation advances or pays any amount to any person under this paragraph (b) and if it shall thereafter be finally determined by a court of competent jurisdiction that such person was not entitled to be indemnified hereunder for all or any portion of such amount, such person shall repay such amount or such portion thereof, as the case may be, to Parent or the Surviving Corporation, as the case may be. The indemnified Parties as a group may not retain more than one law firm to represent them with respect to each matter unless there is, under applicable standards of professional conduct, a conflict on any significant issue between the positions of any two or more indemnified Parties.

(c) In the event the Surviving Corporation or Parent or any of their successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person, then and in each such case, proper provisions shall be made so that the successors and assigns of the Surviving Corporation or Parent shall assume the obligations set forth in this Section 7.11.

(d) For a period of six years after the Effective Time, Parent shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained by the Company and its subsidiaries (provided that Parent may substitute therefor policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous in any material respect to the indemnified

Parties and which coverages and amounts shall be no less than the coverages and amounts provided at that time for Parent's directors and officers) with respect to matters rising before the Effective Time, provided that Parent shall not be required to pay an annual premium for such insurance in excess of two times the current annual premium paid by the Company for its existing coverage (the "Cap"); and provided, further, that if equivalent coverage cannot be obtained, or can be obtained only by paying an annual premium in excess of the Cap, Parent shall only be required to obtain as much coverage as can be obtained by paying an annual premium equal to the Cap.

(e) Parent shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any indemnified Person in enforcing the indemnity and other obligations provided in this Section 7.11.

(f) The rights of each indemnified Party hereunder shall be in addition to any other rights such indemnified Party may have under the charter or bylaws of the Company, under the DGCL or otherwise. The provisions of this Section 7.11 shall survive the consummation of the Merger and expressly are intended to benefit each of the indemnified Parties.

SECTION 7.12. CORRECTIONS TO THE JOINT PROXY STATEMENT/PROSPECTUS AND REGISTRATION STATEMENT. Prior to the date of approval of the Merger by their respective stockholders, each of the Company, Parent and Subsidiary shall correct promptly any information provided by it to be used specifically in the Joint Proxy Statement/Prospectus and Registration Statement that shall have become false or misleading in any material respect and shall take all steps necessary to file with the SEC and have declared effective or cleared by the SEC any amendment or supplement to the Joint Proxy Statement/Prospectus or the Registration Statement so as to correct the same and to cause the Joint Proxy Statement/Prospectus as so corrected to be disseminated to the stockholders of the Company and Parent, in each case to the extent required by applicable law.

SECTION 7.13. EFFECT ON ACCOUNTING TREATMENT. Each of the parties hereto agrees that, notwithstanding anything to the contrary contained in the Agreement, nothing contained in or contemplated by this Agreement shall require any of the parties hereto to take any action which would jeopardize the treatment of the Merger as a pooling of interests under APB No. 16.

SECTION 7.14. AMENDMENT OF CERTAIN ACQUISITION AGREEMENTS. The Company shall use its reasonable best efforts to amend the agreements listed on Schedule 5.2 of the Company Disclosure Schedule to eliminate the rights of the other parties to such agreements to receive Company Common Stock, such amendments to be on terms that are reasonably acceptable to Parent.

ARTICLE VIII CONDITIONS

SECTION 8.1. CONDITIONS TO EACH PARTY'S OBLIGATION TO EFFECT THE MERGER. The respective obligations of each party to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) this Agreement and the transactions contemplated hereby shall have been approved and adopted by the requisite vote of the stockholders of the Company and Parent under applicable law and applicable listing requirements;

(b) the shares of Parent Common Stock issuable in the Merger and those to be reserved for issuance upon exercise of stock options or warrants or the conversion of convertible securities shall have been authorized for listing on the NYSE upon official notice of issuance;

(c) the waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated;

(d) the Registration Statement shall have become effective in accordance with the provisions of the Securities Act, and no stop order suspending such effectiveness shall have been issued and remain in effect and no proceeding for that purpose shall have been instituted by the SEC or any state regulatory authorities;

(e) no preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the Merger shall have been issued and remain in effect (each party agreeing to use its reasonable efforts to have any such injunction, order or decree lifted);

(f) no action shall have been taken, and no statute, rule or regulation shall have been enacted, by any state or federal government or governmental agency in the United States which would prevent the consummation of the Merger or make the consummation of the Merger illegal;

(g) all governmental waivers, consents, orders and approvals legally required for the consummation of the Merger and the transactions contemplated hereby, and all consents from lenders required to consummate the Merger, shall have been obtained and be in effect at the Effective Time, except where the failure to obtain the same would not be reasonably likely to have a material adverse effect on the business, operations, properties, assets, liabilities, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole, following the Effective Time;

(h) Coopers & Lybrand L.L.P., certified public accountants for Parent, shall have delivered a letter, dated the Closing Date, addressed to Parent, in form and substance reasonably satisfactory to Parent, to the effect that the Merger will qualify for a pooling of interests accounting treatment if consummated in accordance with this Agreement; and

(i) Arthur Andersen LLP, certified public accountants for the Company, shall have delivered a memorandum dated the Closing Date, addressed to the Company, in form and substance reasonably satisfactory to the Company, stating that the Merger will qualify for a pooling of interests accounting treatment if consummated in accordance with this Agreement.

SECTION 8.2. CONDITIONS TO OBLIGATION OF THE COMPANY TO EFFECT THE MERGER. Unless waived by the Company, the obligation of the Company to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) Parent and Subsidiary shall have performed in all material respects their agreements contained in this Agreement required to be performed on or prior to the Closing Date and the representations and warranties of Parent and Subsidiary contained in this Agreement shall be true and correct in all material respects on and as of the date made and (except to the extent that such representations and warranties speak as of an earlier date) on and as of the Closing Date as if made at and as of such date, and the Company shall have received a certificate of the Chairman of the Board and Chief Executive Officer, the President or a Vice President of Parent and of the President and Chief Executive Officer or a Vice President of Subsidiary to that effect;

(b) the Company shall have received an opinion of Baker & Botts, L.L.P., in form and substance reasonably satisfactory to the Company, dated the Closing Date, to the effect that the Company and holders of Company Common Stock (except to the extent any stockholders receive cash in lieu of fractional shares) will recognize no gain or loss for federal income tax purposes as a result of consummation of the Merger;

(c) since the date hereof, there shall have been no changes that constitute, and no event or events (including, without limitation, litigation developments) shall have occurred which have resulted in or constitute, a material adverse change in the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole, except for changes that affect the industries in which Parent and its subsidiaries operate generally; and

(d) all governmental waivers, consents, orders, and approvals legally required for the consummation of the Merger and the transactions contemplated hereby shall have been obtained and be in effect at the Closing Date except for such waivers, consents, orders and approvals the failure of which to have been obtained would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of Parent and its subsidiaries, taken as a whole, following the Effective Time, and no governmental authority shall have promulgated after the date hereof any statute, rule or regulation which, when taken together with all such promulgations, would materially impair the value to Parent of the Merger.

SECTION 8.3. CONDITIONS TO OBLIGATIONS OF PARENT AND SUBSIDIARY TO EFFECT THE MERGER. Unless waived by Parent and Subsidiary, the obligations of Parent and Subsidiary to effect the Merger shall be subject to the fulfillment at or prior to the Effective Time of the additional following conditions:

(a) the Company shall have performed in all material respects its agreements contained in this Agreement required to be performed on or prior to the Closing Date and the representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects on and as of the date made and on and as of the Closing Date as if made at and as of such date, and Parent shall have received a Certificate of the President and Chief Executive Officer or of a Vice President of the Company to that effect;

(b) Parent shall have received an opinion of Andrews & Kurth L.L.P., in form and substance reasonably satisfactory to Parent, dated the Closing Date, to the effect that Parent and Subsidiary will recognize no gain or loss for federal income tax purposes as a result of consummation of the Merger;

(c) the Affiliate Agreements required to be delivered to Parent pursuant to Section 7.4 shall have been furnished as required by Section 7.4;

(d) since the date hereof, there shall have been no changes that constitute, and no event or events (including, without limitation, litigation developments) shall have occurred which have resulted in or constitute, a material adverse change in the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole, except for changes that affect the industries in which the Company and its subsidiaries operate generally; and

(e) all governmental waivers, consents, orders and approvals legally required for the consummation of the Merger and the transactions contemplated hereby shall have been obtained and be in effect at the Closing Date except for such waivers, consents, orders and approvals the failure of which to have been obtained would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other) or results of operations of the Company and its subsidiaries, taken as a whole, following the Effective Time, and no governmental authority shall have promulgated after the date hereof any statute, rule or regulation which, when taken together with all such promulgations, would materially impair the value to Parent of the Merger.

ARTICLE IX
TERMINATION, AMENDMENT AND WAIVER

SECTION 9.1. TERMINATION. This Agreement may be terminated at any time prior to the Closing Date, whether before or after approval by the stockholders of the Company or Parent, by the mutual written consent of the Company and Parent or as follows:

(a) The Company shall have the right to terminate this Agreement:

(i) if the representations and warranties of Parent and Subsidiary shall fail to be true and correct in all material respects on and as of the date made or, except in the case of any such representations and warranties made as of a specified date, on and as of any subsequent date as if made at and as of such subsequent date and such failure shall not have been cured in all material respects within 30 days after written notice of such failure is given to Parent by the Company;

(ii) if the Merger is not completed by December 31, 1996 (unless due to a delay or default on the part of the Company);

(iii) if the Merger is enjoined by a final, unappealable court order not entered at the request or with the support of the Company and if the Company shall have used reasonable efforts to prevent the entry of such order;

(iv) if (A) the Company receives an offer or proposal from any Potential Acquirer (excluding any affiliate of the Company or any group of which any affiliate of the Company is a member) with respect to a merger, sale of substantial assets or other business combination involving the Company, (B) the Company's Board of Directors determines, in good faith and

after consultation with an independent financial advisor, that such offer or proposal (if consummated pursuant to its terms) would result in an Acquisition Transaction more favorable to the Company's stockholders than the Merger (any such offer or proposal being referred to as a "Superior Proposal") and resolves to accept such Superior Proposal and (C) the Company shall have given Parent two days' prior written notice of its intention to terminate pursuant to this provision; provided, however, that such termination shall not be effective until such time as the payment required by Section 7.6(b) shall have been received by Parent;

(v) if (A) a tender or exchange offer is commenced by a Potential Acquirer (excluding any affiliate of the Company or any group of which any affiliate of the Company is a member) for all outstanding shares of Company Common Stock, (B) the Company's Board of Directors determines, in good faith and after consultation with an independent financial advisor, that such offer constitutes a Superior Proposal and resolves to accept such Superior Proposal or recommend to the stockholders that they tender their shares in such tender or exchange offer and (C) the Company shall have given Parent two days' prior written notice of its intention to terminate pursuant to this provision; provided, however, that such termination shall not be effective until such time as the payment required by Section 7.6(b) shall have been received by Parent;

(vi) if Parent (A) fails to perform in any material respect any of its material covenants in this Agreement and (B) does not cure such default in all material respects within 30 days after notice of such default is given to Parent by the Company; or

(vii) if the stockholders of Parent fail to approve the Merger at a duly held meeting of stockholders called for such purpose or any adjournment thereof.

(b) Parent shall have the right to terminate this Agreement:

(i) if the representations and warranties of the Company shall fail to be true and correct in all material respects on and as of the date made or, except in the case of any such representations and warranties made as of a specified date, on and as of any subsequent date as if made at and as of such subsequent date and such failure shall not have been cured in all material respects within 30 days after written notice of such failure is given to the Company by Parent;

(ii) if the Merger is not completed by December 31, 1996 (unless due to a delay or default on the part of Parent);

(iii) if the Merger is enjoined by a final, unappealable court order not entered at the request or with the support of Parent and if Parent shall have used reasonable efforts to prevent the entry of such order;

(iv) if the Board of Directors of the Company shall have resolved to accept a Superior Proposal or shall have recommended to the stockholders of the Company that they tender their shares in a tender or an exchange offer commenced by a third party (excluding any affiliate of Parent or any group of which any affiliate of Parent is a member);

(v) if the Company (A) fails to perform in any material respect any of its material covenants in this Agreement and (B) does not cure such default in all material respects within 30 days after notice of such default is given to the Company by Parent; or

(vi) if the stockholders of the Company fail to approve the Merger at a duly held meeting of stockholders called for such purpose or any adjournment thereof.

(c) As used in this Section 9.1, (i) "affiliate" has the meaning assigned to it in Section 7.4 and (ii) "group" has the meaning set forth in Section 13(d) of the Exchange Act and the rules and regulations thereunder.

SECTION 9.2. EFFECT OF TERMINATION. In the event of termination of this Agreement by either Parent or the Company pursuant to the provisions of Section 9.1, this Agreement shall forthwith become void and there shall be no further obligation on the part of the Company, Parent, Subsidiary or their respective officers or directors (except as set forth in this Section 9.2, in the second sentence of Section 7.1(a) and in Sections 7.1(b) and 7.6, all of which shall survive the termination). Nothing in this Section 9.2 shall relieve any party from liability for any willful or intentional breach of this Agreement.

SECTION 9.3. AMENDMENT. This Agreement may not be amended except by action taken by the parties' respective Boards of Directors or duly authorized committees thereof and then only by an instrument in writing signed on behalf of each of the parties hereto and in compliance with applicable law. Such amendment may take place at any time prior to the Closing Date, whether before or after approval by the stockholders of the Company, Parent or Subsidiary.

SECTION 9.4. WAIVER. At any time prior to the Effective Time, the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant thereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid if set forth in an instrument in writing signed on behalf of such party.

ARTICLE X GENERAL PROVISIONS

SECTION 10.1. NON-SURVIVAL OF REPRESENTATIONS AND WARRANTIES. No representations, warranties or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Merger, and after effectiveness of the Merger neither the Company, Parent, Subsidiary or their respective officers or directors shall have any further obligation with respect thereto except for the representations, warranties and agreements contained in Articles II, III and X, the last sentence of Section 7.9, and Section 7.11.

SECTION 10.2. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, mailed by registered or certified mail (return receipt requested) or sent via 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 Parent or Subsidiary to:

USA Waste Services, Inc.
5400 LBJ Freeway
Suite 300 - Tower One
Dallas, Texas 75240
Attention: Chief Executive Officer
Telecopy: 214-383-7919

with a copy to:

Gregory T. Sangalis
5400 LBJ Freeway
Suite 300 - Tower One
Dallas, Texas 75240
Telecopy: 214-383-7919

(b) If to the Company, to:

Sanifill, Inc.
Suite 700
2777 Allen Parkway
Houston, Texas 77019
Attention: Chief Executive Officer
Telecopy: 713-942-6277

with a copy to:

Steve Walton
Suite 700
2777 Allen Parkway
Houston, Texas 77019
Telecopy: 713-942-6277

SECTION 10.3. INTERPRETATION. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement, unless a contrary intention appears, (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision and (ii) reference to any Article or Section means such Article or Section hereof. No provision of this Agreement shall be interpreted or construed against any party hereto solely because such party or its legal representative drafted such provision.

SECTION 10.4. MISCELLANEOUS. This Agreement (including the documents and instruments referred to herein) (a) 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 (provided, that the provisions of those two certain agreements dated June 17, 1996 by and between the Company and Parent concerning confidentiality and related matters (the "Confidentiality Agreements"),

shall remain in effect), (b) is not intended to confer upon any other person any rights or remedies hereunder, except for rights of indemnified Parties under Section 7.11 and (c) shall not be assigned by operation of law or otherwise, except that Subsidiary may assign this Agreement to any other wholly-owned subsidiary of Parent. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS EXECUTED AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE.

SECTION 10.5. 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 shall constitute one and the same agreement.

SECTION 10.6. PARTIES IN INTEREST. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and except as set forth in Sections 7.9 and 7.11, nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

IN WITNESS WHEREOF, Parent, Subsidiary and the Company have caused this Agreement to be signed by their respective officers and attested to as of the date first written above.

USA WASTE SERVICES, INC.

Attest:

/s/ GREGORY T. SANGALIS

Secretary

By: /s/ JOHN E. DRURY

Name: John E. Drury
Title: Chief Executive Officer

QUATRO ACQUISITION CORP.

Attest:

/s/ GREGORY T. SANGALIS

Secretary

By: /s/ JOHN E. DRURY

Name: John E. Drury
Title: Chief Executive Officer

SANIFILL, INC.

Attest:

/s/ H. STEVEN WALTON

Secretary

By: /s/ LORNE D. BAIN

Name: Lorne D. Bain
Title: Chairman of the Board and
Chief Executive Officer

EXHIBIT B

[AGREEMENT AND IRREVOCABLE PROXY]

AGREEMENT AND IRREVOCABLE PROXY

AGREEMENT AND IRREVOCABLE PROXY (this "Agreement"), dated as of June 22, 1996, among USA Waste Services, Inc., a Delaware corporation ("Parent"), Sanifill, Inc., a Delaware corporation (the "Company"), and Lorne D. Bain (the "Stockholder" and, together with Parent and the Company, the "Parties").

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent and Quatro Acquisition Corp., a wholly-owned subsidiary of Parent ("Subsidiary"), are entering into an Agreement and Plan of Merger dated as of the date hereof (as amended from time to time, the "Merger Agreement"), providing, among other things, for the merger of Subsidiary with and into the Company (the "Merger");

WHEREAS, the Stockholder is the beneficial owner of the number of issued and outstanding shares of common stock, par value \$0.01 per share, of the Company ("Company Common Stock") set forth opposite the Stockholder's name on the signature page to this Agreement; and

WHEREAS, as a condition to its willingness to enter into the Merger Agreement, Parent has requested that the Stockholder grant Parent an irrevocable proxy (the "Proxy") with respect to the shares of Company Common Stock owned by the Stockholder, upon the terms and subject to the conditions hereof.

NOW, THEREFORE, in order to induce Parent and Subsidiary to enter into the Merger Agreement and in consideration of the representations, warranties, covenants and agreements set forth herein and in the Merger Agreement (including the benefits that the Parties expect to derive from the Merger), the receipt and sufficiency of all of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. The Stockholder hereby revokes all previous proxies granted with respect to any shares of Company Common Stock owned by the Stockholder;

2. The Stockholder hereby irrevocably constitutes and appoints Parent and John E. Drury, Chairman of the Board and Chief Executive Officer of Parent, and Earl E. DeFrates, Executive Vice President and Chief Financial Officer of Parent, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to either of such offices and each of them individually, as his true and lawful proxies and attorneys-in-fact, with full power of substitution and resubstitution, for and in the name, place and stead of the Stockholder, to call and attend any and all meetings of the stockholders of the Company and any adjournments or continuations thereof, to execute any and all written consents of stockholders of the Company, and

to vote all shares of Company Common Stock and all shares of any other class of capital stock of the Company presently or at any future time owned beneficially or of record by the Stockholder, including any and all securities having voting rights issued or issuable in respect thereof, which the Stockholder is entitled to vote (all of the foregoing being collectively referred to as the "Shares"), and to represent and otherwise act as the Stockholder could act, in the same manner and with the same effect as if the Stockholder were personally present, at any annual, special or other meeting of the stockholders of the Company, and at any adjournment thereof (a "Meeting"), or pursuant to any written consent in lieu of meeting or otherwise; provided, however, that any such vote or consent in lieu thereof or any other action so taken shall be solely for the purposes of (i) adopting and approving the Merger and the Merger Agreement and any transactions contemplated thereby or (ii) rejecting any proposal for any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or amendment of the Company's Certificate of Incorporation or By-laws or any other transaction or action which is intended to frustrate or impair the right or ability of Parent, the Subsidiary or the Company to consummate the Merger (a "Competing Proposal"). Such attorneys and proxies are hereby authorized to vote the Shares in accordance with the terms of this Agreement.

3. In the event that Parent is unable or declines to exercise the power and authority granted by the Proxy for any reason, the Stockholder covenants and agrees (i) to vote all the Shares at any Meeting in favor of approval and adoption of the Merger and the Merger Agreement and the transactions contemplated thereby or provide the Stockholder's written consent thereto and (ii) unless otherwise requested by Parent in writing, to vote all of the Shares against any Competing Proposal at any Meeting and to refuse to provide the Stockholder's written consent thereto; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

4. The Stockholder hereby covenants and agrees that he will not vote or take any action by written consent of stockholders in lieu of meeting on any matter which is subject to the Proxy without the prior written consent of Parent.

5. The Stockholder hereby covenants and agrees that the Stockholder will not, and will not agree to, directly or indirectly, sell, transfer, assign, pledge, hypothecate, cause to be redeemed or otherwise dispose of any of the Shares, or grant any proxy, power-of-attorney or other authorization or interest in or with respect to any of the Shares, or deposit any of the Shares into a voting trust or enter into a voting agreement or arrangement with respect to any of the Shares unless and until the Stockholder shall have (i) taken all actions (including, without limitation, the endorsement of a legend on the certificates evidencing such Shares) reasonably necessary to ensure that such Shares shall at all times be subject to all the restrictions, covenants and limitations imposed by this Agreement and (ii) caused any transferee or pledgee of such Shares to execute and deliver to Parent an Agreement and Irrevocable Proxy, in substantially the form of this Agreement. The

Stockholder further covenants and agrees that he will not initiate or solicit, directly or indirectly, any inquiries or the making of any proposal with respect to, or engage in negotiations concerning or provide any confidential information or data to any person relating to, any Competing Proposal; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

6. The Stockholder represents and warrants to Parent that:

(a) the Stockholder has full power and authority to enter into this Agreement and to grant the Proxy, and to perform the Stockholder's obligations hereunder;

(b) this Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Stockholder;

(c) as of the date hereof, the issued and outstanding Shares consist of that number of shares of Company Common Stock beneficially owned by the Stockholder which is set forth opposite the name of the Stockholder on the signature page hereof;

(d) the Shares are all of the securities of the Company owned beneficially or of record by the Stockholder on the date hereof which are issued and outstanding;

(e) the Stockholder owns the Shares free and clear of all liens, charges, claims, encumbrances and security interests of any nature whatsoever;

(f) the Stockholder has the present power and right to vote all of the Shares which are issued and outstanding;

(g) except as provided herein, the Stockholder has not (i) granted any proxy, power-of-attorney or other authorization or interest with respect to any of such Shares, (ii) deposited any of the Shares into a voting trust or (iii) entered into any voting agreement or other arrangement with respect to the voting of any of the Shares; and

(h) the execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby do not require the consent, approval or authorization of, or filing with, any person or public authority.

7. The terms and provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the provisions thereof relating to conflicts of law.

8. The terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs, personal representatives, successors and permitted assigns of the Parties. This Agreement and the rights hereunder may not be assigned or transferred by Parent, except with the prior written consent of the Stockholder.

9. This Agreement shall terminate at the earliest of (i) the Effective Time (as defined in the Merger Agreement), (ii) the date of the termination of the Merger Agreement in accordance with its terms or (iii) the date upon written notice of termination of this Agreement is given by Parent to the Stockholder expressly referring to this paragraph.

10. The Stockholder acknowledges that Parent and Subsidiary will enter into the Merger Agreement in reliance upon this Agreement, including the Proxy, and that the Proxy is granted in consideration for the execution and delivery of the Merger Agreement by Parent and Subsidiary. THE STOCKHOLDER AGREES THAT THE PROXY AND ALL OTHER POWER AND AUTHORITY INTENDED TO BE CONFERRED HEREBY IS COUPLED WITH AN INTEREST SUFFICIENT IN LAW TO SUPPORT AN IRREVOCABLE POWER AND, EXCEPT AS PROVIDED IN PARAGRAPH 9 ABOVE, SHALL NOT BE REVOCABLE OR TERMINATED BY ANY ACT OF THE STOCKHOLDER, BY LACK OF APPROPRIATE POWER OR AUTHORITY OR BY THE OCCURRENCE OF ANY OTHER EVENT OR EVENTS.

11. The Parties acknowledge and agree that performance of their respective obligations hereunder will confer a unique benefit on the other and that a failure of performance will result in irreparable harm to the other and will not be compensable by money damages. The Parties therefore agree that this Agreement, including the Proxy, shall be specifically enforceable and that specific enforcement and injunctive relief shall be a remedy properly available to each Party for any breach of any agreement, covenant or representation of any other Party hereunder.

12. The Stockholder will, upon request, execute and deliver any additional documents and take such further actions as may reasonably be deemed by Parent to be necessary or desirable to complete the Proxy granted herein or to carry out the provisions hereof.

13. If any term, provision, covenant or restriction of this Agreement, or the application thereof to any circumstance, shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement or the application thereof to any other circumstance, shall remain in full force and effect, shall not in any way be affected, impaired or invalidated and shall be enforced to the fullest extent permitted by law.

14. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof.

15. This Agreement may not be changed, amended or modified orally, but only by an agreement in writing signed by the Party against whom any waiver, change, amendment, modification or discharge may be sought.

16. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph or other subdivision. No provision of this Agreement shall be interpreted or construed against either Party solely because that Party or its legal representative drafted such provision.

17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, Parent, the Company and the Stockholder have duly executed this Agreement or caused this Agreement to be duly executed as of the date first above written.

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

Name: John E. Drury

Title: CEO

SANIFILL, INC.

By: /s/ R. R. PROTO

Name: Rodney R. Proto

Title: President

STOCKHOLDER

/s/ LORNE D. BAIN

Printed Name: Lorne D. Bain
Number of Shares: 38,953

AGREEMENT AND IRREVOCABLE PROXY

AGREEMENT AND IRREVOCABLE PROXY (this "Agreement"), dated as of June 22, 1996, among USA Waste Services, Inc., a Delaware corporation ("Parent"), Sanifill, Inc., a Delaware corporation (the "Company"), and Larry J. Martin (the "Stockholder" and, together with Parent and the Company, the "Parties").

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent and Quatro Acquisition Corp., a wholly-owned subsidiary of Parent ("Subsidiary"), are entering into an Agreement and Plan of Merger dated as of the date hereof (as amended from time to time, the "Merger Agreement"), providing, among other things, for the merger of Subsidiary with and into the Company (the "Merger");

WHEREAS, the Stockholder is the beneficial owner of the number of issued and outstanding shares of common stock, par value \$0.01 per share, of the Company ("Company Common Stock") set forth opposite the Stockholder's name on the signature page to this Agreement; and

WHEREAS, as a condition to its willingness to enter into the Merger Agreement, Parent has requested that the Stockholder grant Parent an irrevocable proxy (the "Proxy") with respect to the shares of Company Common Stock owned by the Stockholder, upon the terms and subject to the conditions hereof.

NOW, THEREFORE, in order to induce Parent and Subsidiary to enter into the Merger Agreement and in consideration of the representations, warranties, covenants and agreements set forth herein and in the Merger Agreement (including the benefits that the Parties expect to derive from the Merger), the receipt and sufficiency of all of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. The Stockholder hereby revokes all previous proxies granted with respect to any shares of Company Common Stock owned by the Stockholder;

2. The Stockholder hereby irrevocably constitutes and appoints Parent and John E. Drury, Chairman of the Board and Chief Executive Officer of Parent, and Earl E. DeFrates, Executive Vice President and Chief Financial Officer of Parent, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to either of such offices and each of them individually, as his true and lawful proxies and attorneys-in-fact, with full power of substitution and resubstitution, for and in the name, place and stead of the Stockholder, to call and attend any and all meetings of the stockholders of the Company and any adjournments or continuations thereof, to execute any and all written consents of stockholders of the Company, and

to vote all shares of Company Common Stock and all shares of any other class of capital stock of the Company presently or at any future time owned beneficially or of record by the Stockholder, including any and all securities having voting rights issued or issuable in respect thereof, which the Stockholder is entitled to vote (all of the foregoing being collectively referred to as the "Shares"), and to represent and otherwise act as the Stockholder could act, in the same manner and with the same effect as if the Stockholder were personally present, at any annual, special or other meeting of the stockholders of the Company, and at any adjournment thereof (a "Meeting"), or pursuant to any written consent in lieu of meeting or otherwise; provided, however, that any such vote or consent in lieu thereof or any other action so taken shall be solely for the purposes of (i) adopting and approving the Merger and the Merger Agreement and any transactions contemplated thereby or (ii) rejecting any proposal for any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or amendment of the Company's Certificate of Incorporation or By-laws or any other transaction or action which is intended to frustrate or impair the right or ability of Parent, the Subsidiary or the Company to consummate the Merger (a "Competing Proposal"). Such attorneys and proxies are hereby authorized to vote the Shares in accordance with the terms of this Agreement.

3. In the event that Parent is unable or declines to exercise the power and authority granted by the Proxy for any reason, the Stockholder covenants and agrees (i) to vote all the Shares at any Meeting in favor of approval and adoption of the Merger and the Merger Agreement and the transactions contemplated thereby or provide the Stockholder's written consent thereto and (ii) unless otherwise requested by Parent in writing, to vote all of the Shares against any Competing Proposal at any Meeting and to refuse to provide the Stockholder's written consent thereto; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

4. The Stockholder hereby covenants and agrees that he will not vote or take any action by written consent of stockholders in lieu of meeting on any matter which is subject to the Proxy without the prior written consent of Parent.

5. The Stockholder hereby covenants and agrees that the Stockholder will not, and will not agree to, directly or indirectly, sell, transfer, assign, pledge, hypothecate, cause to be redeemed or otherwise dispose of any of the Shares, or grant any proxy, power-of-attorney or other authorization or interest in or with respect to any of the Shares, or deposit any of the Shares into a voting trust or enter into a voting agreement or arrangement with respect to any of the Shares unless and until the Stockholder shall have (i) taken all actions (including, without limitation, the endorsement of a legend on the certificates evidencing such Shares) reasonably necessary to ensure that such Shares shall at all times be subject to all the restrictions, covenants and limitations imposed by this Agreement and (ii) caused any transferee or pledgee of such Shares to execute and deliver to Parent an Agreement and Irrevocable Proxy, in substantially the form of this Agreement. The

Stockholder further covenants and agrees that he will not initiate or solicit, directly or indirectly, any inquiries or the making of any proposal with respect to, or engage in negotiations concerning or provide any confidential information or data to any person relating to, any Competing Proposal; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

6. The Stockholder represents and warrants to Parent that:

(a) the Stockholder has full power and authority to enter into this Agreement and to grant the Proxy, and to perform the Stockholder's obligations hereunder;

(b) this Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Stockholder;

(c) as of the date hereof, the issued and outstanding Shares consist of that number of shares of Company Common Stock beneficially owned by the Stockholder which is set forth opposite the name of the Stockholder on the signature page hereof;

(d) the Shares are all of the securities of the Company owned beneficially or of record by the Stockholder on the date hereof which are issued and outstanding;

(e) the Stockholder owns the Shares free and clear of all liens, charges, claims, encumbrances and security interests of any nature whatsoever;

(f) the Stockholder has the present power and right to vote all of the Shares which are issued and outstanding;

(g) except as provided herein, the Stockholder has not (i) granted any proxy, power-of-attorney or other authorization or interest with respect to any of such Shares, (ii) deposited any of the Shares into a voting trust or (iii) entered into any voting agreement or other arrangement with respect to the voting of any of the Shares; and

(h) the execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby do not require the consent, approval or authorization of, or filing with, any person or public authority.

7. The terms and provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the provisions thereof relating to conflicts of law.

8. The terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs, personal representatives, successors and permitted assigns of the Parties. This Agreement and the rights hereunder may not be assigned or transferred by Parent, except with the prior written consent of the Stockholder.

9. This Agreement shall terminate at the earliest of (i) the Effective Time (as defined in the Merger Agreement), (ii) the date of the termination of the Merger Agreement in accordance with its terms or (iii) the date upon written notice of termination of this Agreement is given by Parent to the Stockholder expressly referring to this paragraph.

10. The Stockholder acknowledges that Parent and Subsidiary will enter into the Merger Agreement in reliance upon this Agreement, including the Proxy, and that the Proxy is granted in consideration for the execution and delivery of the Merger Agreement by Parent and Subsidiary. THE STOCKHOLDER AGREES THAT THE PROXY AND ALL OTHER POWER AND AUTHORITY INTENDED TO BE CONFERRED HEREBY IS COUPLED WITH AN INTEREST SUFFICIENT IN LAW TO SUPPORT AN IRREVOCABLE POWER AND, EXCEPT AS PROVIDED IN PARAGRAPH 9 ABOVE, SHALL NOT BE REVOCABLE OR TERMINATED BY ANY ACT OF THE STOCKHOLDER, BY LACK OF APPROPRIATE POWER OR AUTHORITY OR BY THE OCCURRENCE OF ANY OTHER EVENT OR EVENTS.

11. The Parties acknowledge and agree that performance of their respective obligations hereunder will confer a unique benefit on the other and that a failure of performance will result in irreparable harm to the other and will not be compensable by money damages. The Parties therefore agree that this Agreement, including the Proxy, shall be specifically enforceable and that specific enforcement and injunctive relief shall be a remedy properly available to each Party for any breach of any agreement, covenant or representation of any other Party hereunder.

12. The Stockholder will, upon request, execute and deliver any additional documents and take such further actions as may reasonably be deemed by Parent to be necessary or desirable to complete the Proxy granted herein or to carry out the provisions hereof.

13. If any term, provision, covenant or restriction of this Agreement, or the application thereof to any circumstance, shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement or the application thereof to any other circumstance, shall remain in full force and effect, shall not in any way be affected, impaired or invalidated and shall be enforced to the fullest extent permitted by law.

14. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof.

15. This Agreement may not be changed, amended or modified orally, but only by an agreement in writing signed by the Party against whom any waiver, change, amendment, modification or discharge may be sought.

16. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph or other subdivision. No provision of this Agreement shall be interpreted or construed against either Party solely because that Party or its legal representative drafted such provision.

17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, Parent, the Company and the Stockholder have duly executed this Agreement or caused this Agreement to be duly executed as of the date first above written.

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

Name: John E. Drury

Title: Chief Executive Officer

SANIFILL, INC.

By: /s/ R R PROTO

Name: Rodney R. Proto

Title: President

STOCKHOLDER

/s/ LARRY J. MARTIN

Printed Name: Larry J. Martin
Number of Shares: 924,300

AGREEMENT AND IRREVOCABLE PROXY

AGREEMENT AND IRREVOCABLE PROXY (this "Agreement"), dated as of June 22, 1996, among USA Waste Services, Inc., a Delaware corporation ("Parent"), Sanifill, Inc., a Delaware corporation (the "Company"), and Rodney R. Proto (the "Stockholder" and, together with Parent and the Company, the "Parties").

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent and Quatro Acquisition Corp., a wholly-owned subsidiary of Parent ("Subsidiary"), are entering into an Agreement and Plan of Merger dated as of the date hereof (as amended from time to time, the "Merger Agreement"), providing, among other things, for the merger of Subsidiary with and into the Company (the "Merger");

WHEREAS, the Stockholder is the beneficial owner of the number of issued and outstanding shares of common stock, par value \$0.01 per share, of the Company ("Company Common Stock") set forth opposite the Stockholder's name on the signature page to this Agreement; and

WHEREAS, as a condition to its willingness to enter into the Merger Agreement, Parent has requested that the Stockholder grant Parent an irrevocable proxy (the "Proxy") with respect to the shares of Company Common Stock owned by the Stockholder, upon the terms and subject to the conditions hereof.

NOW, THEREFORE, in order to induce Parent and Subsidiary to enter into the Merger Agreement and in consideration of the representations, warranties, covenants and agreements set forth herein and in the Merger Agreement (including the benefits that the Parties expect to derive from the Merger), the receipt and sufficiency of all of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. The Stockholder hereby revokes all previous proxies granted with respect to any shares of Company Common Stock owned by the Stockholder;

2. The Stockholder hereby irrevocably constitutes and appoints Parent and John E. Drury, Chairman of the Board and Chief Executive Officer of Parent, and Earl E. DeFrates, Executive Vice President and Chief Financial Officer of Parent, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to either of such offices and each of them individually, as his true and lawful proxies and attorneys-in-fact, with full power of substitution and resubstitution, for and in the name, place and stead of the Stockholder, to call and attend any and all meetings of the stockholders of the Company and any adjournments or continuations thereof, to execute any and all written consents of stockholders of the Company, and

to vote all shares of Company Common Stock and all shares of any other class of capital stock of the Company presently or at any future time owned beneficially or of record by the Stockholder, including any and all securities having voting rights issued or issuable in respect thereof, which the Stockholder is entitled to vote (all of the foregoing being collectively referred to as the "Shares"), and to represent and otherwise act as the Stockholder could act, in the same manner and with the same effect as if the Stockholder were personally present, at any annual, special or other meeting of the stockholders of the Company, and at any adjournment thereof (a "Meeting"), or pursuant to any written consent in lieu of meeting or otherwise; provided, however, that any such vote or consent in lieu thereof or any other action so taken shall be solely for the purposes of (i) adopting and approving the Merger and the Merger Agreement and any transactions contemplated thereby or (ii) rejecting any proposal for any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or amendment of the Company's Certificate of Incorporation or By-laws or any other transaction or action which is intended to frustrate or impair the right or ability of Parent, the Subsidiary or the Company to consummate the Merger (a "Competing Proposal"). Such attorneys and proxies are hereby authorized to vote the Shares in accordance with the terms of this Agreement.

3. In the event that Parent is unable or declines to exercise the power and authority granted by the Proxy for any reason, the Stockholder covenants and agrees (i) to vote all the Shares at any Meeting in favor of approval and adoption of the Merger and the Merger Agreement and the transactions contemplated thereby or provide the Stockholder's written consent thereto and (ii) unless otherwise requested by Parent in writing, to vote all of the Shares against any Competing Proposal at any Meeting and to refuse to provide the Stockholder's written consent thereto; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

4. The Stockholder hereby covenants and agrees that he will not vote or take any action by written consent of stockholders in lieu of meeting on any matter which is subject to the Proxy without the prior written consent of Parent.

5. The Stockholder hereby covenants and agrees that the Stockholder will not, and will not agree to, directly or indirectly, sell, transfer, assign, pledge, hypothecate, cause to be redeemed or otherwise dispose of any of the Shares, or grant any proxy, power-of-attorney or other authorization or interest in or with respect to any of the Shares, or deposit any of the Shares into a voting trust or enter into a voting agreement or arrangement with respect to any of the Shares unless and until the Stockholder shall have (i) taken all actions (including, without limitation, the endorsement of a legend on the certificates evidencing such Shares) reasonably necessary to ensure that such Shares shall at all times be subject to all the restrictions, covenants and limitations imposed by this Agreement and (ii) caused any transferee or pledgee of such Shares to execute and deliver to Parent an Agreement and Irrevocable Proxy, in substantially the form of this Agreement. The

Stockholder further covenants and agrees that he will not initiate or solicit, directly or indirectly, any inquiries or the making of any proposal with respect to, or engage in negotiations concerning or provide any confidential information or data to any person relating to, any Competing Proposal; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

6. The Stockholder represents and warrants to Parent

that:

(a) the Stockholder has full power and authority to enter into this Agreement and to grant the Proxy, and to perform the Stockholder's obligations hereunder;

(b) this Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Stockholder;

(c) as of the date hereof, the issued and outstanding Shares consist of that number of shares of Company Common Stock beneficially owned by the Stockholder which is set forth opposite the name of the Stockholder on the signature page hereof;

(d) the Shares are all of the securities of the Company owned beneficially or of record by the Stockholder on the date hereof which are issued and outstanding;

(e) the Stockholder owns the Shares free and clear of all liens, charges, claims, encumbrances and security interests of any nature whatsoever;

(f) the Stockholder has the present power and right to vote all of the Shares which are issued and outstanding;

(g) except as provided herein, the Stockholder has not (i) granted any proxy, power-of-attorney or other authorization or interest with respect to any of such Shares, (ii) deposited any of the Shares into a voting trust or (iii) entered into any voting agreement or other arrangement with respect to the voting of any of the Shares; and

(h) the execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby do not require the consent, approval or authorization of, or filing with, any person or public authority.

7. The terms and provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the provisions thereof relating to conflicts of law.

8. The terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs, personal representatives, successors and permitted assigns of the Parties. This Agreement and the rights hereunder may not be assigned or transferred by Parent, except with the prior written consent of the Stockholder.

9. This Agreement shall terminate at the earliest of (i) the Effective Time (as defined in the Merger Agreement), (ii) the date of the termination of the Merger Agreement in accordance with its terms or (iii) the date upon written notice of termination of this Agreement is given by Parent to the Stockholder expressly referring to this paragraph.

10. The Stockholder acknowledges that Parent and Subsidiary will enter into the Merger Agreement in reliance upon this Agreement, including the Proxy, and that the Proxy is granted in consideration for the execution and delivery of the Merger Agreement by Parent and Subsidiary. THE STOCKHOLDER AGREES THAT THE PROXY AND ALL OTHER POWER AND AUTHORITY INTENDED TO BE CONFERRED HEREBY IS COUPLED WITH AN INTEREST SUFFICIENT IN LAW TO SUPPORT AN IRREVOCABLE POWER AND, EXCEPT AS PROVIDED IN PARAGRAPH 9 ABOVE, SHALL NOT BE REVOCABLE OR TERMINATED BY ANY ACT OF THE STOCKHOLDER, BY LACK OF APPROPRIATE POWER OR AUTHORITY OR BY THE OCCURRENCE OF ANY OTHER EVENT OR EVENTS.

11. The Parties acknowledge and agree that performance of their respective obligations hereunder will confer a unique benefit on the other and that a failure of performance will result in irreparable harm to the other and will not be compensable by money damages. The Parties therefore agree that this Agreement, including the Proxy, shall be specifically enforceable and that specific enforcement and injunctive relief shall be a remedy properly available to each Party for any breach of any agreement, covenant or representation of any other Party hereunder.

12. The Stockholder will, upon request, execute and deliver any additional documents and take such further actions as may reasonably be deemed by Parent to be necessary or desirable to complete the Proxy granted herein or to carry out the provisions hereof.

13. If any term, provision, covenant or restriction of this Agreement, or the application thereof to any circumstance, shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement or the application thereof to any other circumstance, shall remain in full force and effect, shall not in any way be affected, impaired or invalidated and shall be enforced to the fullest extent permitted by law.

14. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof.

15. This Agreement may not be changed, amended or modified orally, but only by an agreement in writing signed by the Party against whom any waiver, change, amendment, modification or discharge may be sought.

16. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph or other subdivision. No provision of this Agreement shall be interpreted or construed against either Party solely because that Party or its legal representative drafted such provision.

17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, Parent, the Company and the Stockholder have duly executed this Agreement or caused this Agreement to be duly executed as of the date first above written.

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

Name: John E. Drury

Title: Chief Executive Officer

SANIFILL, INC.

By: /s/ LORNE D. BAIN

Name: Lorne D. Bain

Title: Chairman and CEO

STOCKHOLDER

/s/ R R PROTO

Printed Name: Rodney R. Proto
Number of Shares: 35,814

AGREEMENT AND IRREVOCABLE PROXY

AGREEMENT AND IRREVOCABLE PROXY (this "Agreement"), dated as of June 22, 1996, among USA Waste Services, Inc., a Delaware corporation ("Parent"), Sanifill, Inc., a Delaware corporation (the "Company"), and Alfred C. Warrington, IV (the "Stockholder" and, together with Parent and the Company, the "Parties").

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent and Quatro Acquisition Corp., a wholly-owned subsidiary of Parent ("Subsidiary"), are entering into an Agreement and Plan of Merger dated as of the date hereof (as amended from time to time, the "Merger Agreement"), providing, among other things, for the merger of Subsidiary with and into the Company (the "Merger");

WHEREAS, the Stockholder is the beneficial owner of the number of issued and outstanding shares of common stock, par value \$0.01 per share, of the Company ("Company Common Stock") set forth opposite the Stockholder's name on the signature page to this Agreement; and

WHEREAS, as a condition to its willingness to enter into the Merger Agreement, Parent has requested that the Stockholder grant Parent an irrevocable proxy (the "Proxy") with respect to the shares of Company Common Stock owned by the Stockholder, upon the terms and subject to the conditions hereof.

NOW, THEREFORE, in order to induce Parent and Subsidiary to enter into the Merger Agreement and in consideration of the representations, warranties, covenants and agreements set forth herein and in the Merger Agreement (including the benefits that the Parties expect to derive from the Merger), the receipt and sufficiency of all of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. The Stockholder hereby revokes all previous proxies granted with respect to any shares of Company Common Stock owned by the Stockholder;

2. The Stockholder hereby irrevocably constitutes and appoints Parent and John E. Drury, Chairman of the Board and Chief Executive Officer of Parent, and Earl E. DeFrates, Executive Vice President and Chief Financial Officer of Parent, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to either of such offices and each of them individually, as his true and lawful proxies and attorneys-in-fact, with full power of substitution and resubstitution, for and in the name, place and stead of the Stockholder, to call and attend any and all meetings of the stockholders of the Company and any adjournments or continuations thereof, to execute any and all written consents of stockholders of the Company, and to vote all shares of Company Common Stock and all shares of any other class of capital stock of

the Company presently or at any future time owned beneficially or of record by the Stockholder, including any and all securities having voting rights issued or issuable in respect thereof, which the Stockholder is entitled to vote (all of the foregoing being collectively referred to as the "Shares"), and to represent and otherwise act as the Stockholder could act, in the same manner and with the same effect as if the Stockholder were personally present, at any annual, special or other meeting of the stockholders of the Company, and at any adjournment thereof (a "Meeting"), or pursuant to any written consent in lieu of meeting or otherwise; provided, however, that any such vote or consent in lieu thereof or any other action so taken shall be solely for the purposes of (i) adopting and approving the Merger and the Merger Agreement and any transactions contemplated thereby or (ii) rejecting any proposal for any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or amendment of the Company's Certificate of Incorporation or By-laws or any other transaction or action which is intended to frustrate or impair the right or ability of Parent, the Subsidiary or the Company to consummate the Merger (a "Competing Proposal"). Such attorneys and proxies are hereby authorized to vote the Shares in accordance with the terms of this Agreement.

3. In the event that Parent is unable or declines to exercise the power and authority granted by the Proxy for any reason, the Stockholder covenants and agrees (i) to vote all the Shares at any Meeting in favor of approval and adoption of the Merger and the Merger Agreement and the transactions contemplated thereby or provide the Stockholder's written consent thereto and (ii) unless otherwise requested by Parent in writing, to vote all of the Shares against any Competing Proposal at any Meeting and to refuse to provide the Stockholder's written consent thereto; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

4. The Stockholder hereby covenants and agrees that he will not vote or take any action by written consent of stockholders in lieu of meeting on any matter which is subject to the Proxy without the prior written consent of Parent.

5. The Stockholder hereby covenants and agrees that the Stockholder will not, and will not agree to, directly or indirectly, sell, transfer, assign, pledge, hypothecate, cause to be redeemed or otherwise dispose of any of the Shares; provided, however, that the Stockholder may make the transfer described on Schedule A hereto and, notwithstanding anything in this Agreement to the contrary, any such Shares so transferred shall not be subject to any restrictions under this Agreement. The Stockholder also covenants and agrees that the Stockholder will not, and will not agree to, grant any proxy, power-of-attorney or other authorization or interest in or with respect to any of the Shares, or deposit any of the Shares into a voting trust or enter into a voting agreement or arrangement with respect to any of the Shares unless and until the Stockholder shall have (i) taken all actions (including, without limitation, the endorsement of a legend on the certificates evidencing such Shares) reasonably necessary to ensure that such Shares shall at all times be subject to all the

restrictions, covenants and limitations imposed by this Agreement and (ii) caused any transferee or pledgee of such Shares to execute and deliver to Parent an Agreement and Irrevocable Proxy, in substantially the form of this Agreement. The Stockholder further covenants and agrees that he will not initiate or solicit, directly or indirectly, any inquiries or the making of any proposal with respect to, or engage in negotiations concerning or provide any confidential information or data to any person relating to, any Competing Proposal; provided, however, that the foregoing covenant and agreement shall not prohibit the Stockholder from taking or omitting to take any action pursuant to any fiduciary duty imposed upon him by applicable law in his capacity as a director or officer of the Company even though such action or omission is inconsistent with any action required to be taken by the Stockholder pursuant to the foregoing covenant and agreement.

6. The Stockholder represents and warrants to Parent that:

(a) the Stockholder has full power and authority to enter into this Agreement and to grant the Proxy, and to perform the Stockholder's obligations hereunder;

(b) this Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Stockholder;

(c) as of the date hereof, the issued and outstanding Shares consist of that number of shares of Company Common Stock beneficially owned by the Stockholder which is set forth opposite the name of the Stockholder on the signature page hereof;

(d) the Shares are all of the securities of the Company owned beneficially or of record by the Stockholder on the date hereof which are issued and outstanding;

(e) the Stockholder owns the Shares free and clear of all liens, charges, claims, encumbrances and security interests of any nature whatsoever;

(f) the Stockholder has the present power and right to vote all of the Shares which are issued and outstanding;

(g) except as provided herein, the Stockholder has not (i) granted any proxy, power-of-attorney or other authorization or interest with respect to any of such Shares, (ii) deposited any of the Shares into a voting trust or (iii) entered into any voting agreement or other arrangement with respect to the voting of any of the Shares; and

(h) the execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby do not require the consent, approval or authorization of, or filing with, any person or public authority.

7. The terms and provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the provisions thereof relating to conflicts of law.

8. The terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs, personal representatives, successors and permitted assigns of the Parties. This Agreement and the rights hereunder may not be assigned or transferred by Parent, except with the prior written consent of the Stockholder.

9. This Agreement shall terminate at the earliest of (i) the Effective Time (as defined in the Merger Agreement), (ii) the date of the termination of the Merger Agreement in accordance with its terms or (iii) the date upon written notice of termination of this Agreement is given by Parent to the Stockholder expressly referring to this paragraph.

10. The Stockholder acknowledges that Parent and Subsidiary will enter into the Merger Agreement in reliance upon this Agreement, including the Proxy, and that the Proxy is granted in consideration for the execution and delivery of the Merger Agreement by Parent and Subsidiary. THE STOCKHOLDER AGREES THAT THE PROXY AND ALL OTHER POWER AND AUTHORITY INTENDED TO BE CONFERRED HEREBY IS COUPLED WITH AN INTEREST SUFFICIENT IN LAW TO SUPPORT AN IRREVOCABLE POWER AND, EXCEPT AS PROVIDED IN PARAGRAPH 9 ABOVE, SHALL NOT BE REVOCABLE OR TERMINATED BY ANY ACT OF THE STOCKHOLDER, BY LACK OF APPROPRIATE POWER OR AUTHORITY OR BY THE OCCURRENCE OF ANY OTHER EVENT OR EVENTS.

11. The Parties acknowledge and agree that performance of their respective obligations hereunder will confer a unique benefit on the other and that a failure of performance will result in irreparable harm to the other and will not be compensable by money damages. The Parties therefore agree that this Agreement, including the Proxy, shall be specifically enforceable and that specific enforcement and injunctive relief shall be a remedy properly available to each Party for any breach of any agreement, covenant or representation of any other Party hereunder.

12. The Stockholder will, upon request, execute and deliver any additional documents and take such further actions as may reasonably be deemed by Parent to be necessary or desirable to complete the Proxy granted herein or to carry out the provisions hereof.

13. If any term, provision, covenant or restriction of this Agreement, or the application thereof to any circumstance, shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement or the application thereof to any other circumstance, shall remain in full force and effect, shall not in any way be affected, impaired or invalidated and shall be enforced to the fullest extent permitted by law.

14. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof.

15. This Agreement may not be changed, amended or modified orally, but only by an agreement in writing signed by the Party against whom any waiver, change, amendment, modification or discharge may be sought.

16. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph or other subdivision. No provision of this Agreement shall be interpreted or construed against either Party solely because that Party or its legal representative drafted such provision.

17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, Parent, the Company and the Stockholder have duly executed this Agreement or caused this Agreement to be duly executed as of the date first above written.

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

Name: John E. Drury

Title: Chief Executive Officer

SANIFILL, INC.

By: /s/ LORNE D. BAIN

Name: Lorne D. Bain

Title: Chairman & CEO

STOCKHOLDER

/s/ ALFRED C. WARRINGTON, IV

Printed Name: Alfred C. Warrington, IV
Number of Shares: 292,935

Stockholder may transfer to the University of Florida Foundation pursuant to a prior commitment, up to \$6 million of Shares on or after December 15, 1996 or such earlier date as is necessary or advisable in order that the contemplated receipt of matching funds from the State of Florida not be jeopardized.