SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to_____

Commission file number 1-12154

USA WASTE SERVICES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	73-1309529
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1001 FANNIN STREET, SUITE 4000 HOUSTON, TEXAS	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 512-6200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK, $.01 PAR VALUE	NEW YORK STOCK EXCHANGE
5% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2006	
4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2002	

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant at March 25, 1997, was approximately $5,044,347,000. The aggregate market value was computed by using the closing price of the common stock as of that date on the New York Stock Exchange. (For purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

The number of shares of Common Stock, $.01 par value, of the Registrant outstanding at March 25, 1997, was 154,110,368.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated as to
PROXY STATEMENT FOR THE 1997 ANNUAL MEETING OF STOCKHOLDERS	PART III

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PART I

ITEM 1. BUSINESS.

GENERAL

USA Waste Services, Inc. ("USA Waste" or the "Company") is the third largest integrated solid waste management company in North America and serves the full spectrum of municipal, commercial, industrial, and residential customers in 36 states, the District of Columbia, Canada, Mexico, and Puerto Rico. The Company's solid waste management services include collection, transfer, and disposal operations and, to a lesser extent, recycling and certain other waste management services. At December 31, 1996, USA Waste owned or operated 123 collection operations, 61 transfer stations, 101 landfills, and served more than 2 million customers. The Company has a diversified customer base with no single customer accounting for more than 5% of the Company's operating revenues during 1996. The Company employs approximately 9,800 people.

The terms "USA Waste" and the "Company" refer to USA Waste Services, Inc., a Delaware corporation incorporated on April 28, 1995, to become the successor company of USA Waste Services, Inc., an Oklahoma corporation organized in 1987, and include its predecessors, subsidiaries, and affiliates, unless the context requires otherwise. USA Waste's executive offices are located at 1001 Fannin Street, Suite 4000, Houston, Texas 77002, and its telephone number is (713) 512-6200.

Of the Company's revenues for the year ended December 31, 1996, approximately 52.6% was attributable to collection operations, approximately 10.8% was from transfer operations, approximately 29.0% was attributable to landfill operations, and approximately 7.6% from other operations. The Company's average landfill volume for the year ended December 31, 1996, was approximately 88,600 tons per day.

INDUSTRY BACKGROUND

USA Waste operates in the non-hazardous solid waste segment of the waste management industry. Despite the size of this industry, it has historically been a fragmented industry, with a multitude of local private and municipal operators servicing relatively centralized areas. In recent years, the industry has undergone a period of significant consolidation, however, local private and municipal operations continue to service approximately 60% of the domestic solid waste business.

One of the principal forces driving consolidation within the solid waste management industry is increased regulation and enforcement of collection and disposal activities. In October 1991, the Environmental Protection Agency ("EPA") adopted new regulations pursuant to Subtitle D of the Resource Conservation and Recovery Act governing the disposal of solid waste. These regulations led to a variety of requirements applicable to landfill disposal sites, including the construction of liners and the installation of leachate collection systems, groundwater monitoring systems, and methane gas recovery systems. The regulations also required enhanced control systems to monitor more closely the waste streams being disposed at the landfills, extensive post-closure monitoring of sites, and financial assurances that landfill operators will be able to comply with the stringent regulations. The result of these regulatory requirements has been increased costs throughout the various segments of the industry, with particularly significant increases for landfill operators.

Compliance with the regulations currently in effect for the non-hazardous solid waste industry requires significant capital expenditures. Many industry participants have found the increased costs difficult, if not impossible, to bear. A large number of smaller, independent operators have decided to either close down their operations or sell them to stronger operators, and some municipalities have chosen to discontinue, or are considering discontinuing, their operations and turning the management of solid waste services over to private concerns.

The rising costs associated with the new industry regulations have been a cause of consolidation and acquisition activity within the industry. Large waste management companies, with sufficient financial resources to absorb the initial costs of bringing operations into compliance, have taken advantage of discontinuations and divestitures by acquiring operations which either complement existing businesses or otherwise increase overall strength and flexibility. Compliance costs at the landfill/disposal level have directly affected costs in the collection segment of the market as landfill operators pass them on through higher fees for disposal or "tipping." In addition, companies active in various segments of the industry continue to seek vertical integration to enable them to become more cost effective and competitive. Finally, the higher cost structure has also led to the merger of a number of independent collection operations to enhance financial strength and improve operating efficiencies.

STRATEGY

The Company intends to capitalize on the consolidation in the solid waste management industry in several ways. Key elements of the Company's strategy include:

- Increasing productivity and operating efficiencies in existing and acquired operations. The Company seeks to increase productivity, achieve administrative and operating efficiencies, and improve profitability in existing operations and acquired businesses, with the objective of becoming the low cost operator in each of its markets. Measures taken by the Company in this area include consolidating and implementing uniform administrative and management systems, restructuring and consolidating collection routes, improving equipment utilization, and increasing employee productivity through incentive compensation and training programs. The Company's management believes that its ability to serve markets as a low cost operator is fundamental to achieving sustainable internal growth and to realizing the benefits of its acquisition strategy.

- Increasing revenues and enhancing profitability through tuck-in acquisitions. The Company continually seeks to expand its services through the acquisition of additional solid waste management businesses and operations that can be effectively integrated with the Company's existing operations. These acquisitions typically involve adding collection operations, transfer stations, or landfills that are complementary to existing operations and that permit the Company to implement operating efficiencies and increase asset utilization.

- Expanding into new markets through acquisitions. The Company pursues acquisitions in new markets where the Company believes it can strengthen its overall competitive position as a national provider of integrated solid waste management services and where opportunities exist to apply the Company's operating and management expertise to enhance the performance of acquired operations.

On August 30, 1996, the Company consummated a merger agreement with Sanifill, Inc. ("Sanifill") accounted for as a pooling of interests (the

"Sanifill Merger"). Under the terms of the Sanifill Merger, the Company issued 1.70 shares of its common stock for each share of Sanifill outstanding common stock. The Sanifill Merger increased the Company's outstanding shares of common stock by approximately 43,414,000 shares and the Company assumed Sanifill's options and warrants equivalent to approximately 4,361,000 underlying shares of Company common stock. Sanifill owned and operated nonhazardous waste disposal, treatment, collection, transfer station, and recycling businesses and complementary operations. Since it was founded in 1989, Sanifill acquired 142 disposal, collection, and related businesses. As of June 30, 1996, Sanifill operated 50 disposal and treatment facilities, 26 transfer stations, and 36 collection operations. In addition, Sanifill provided sludge treatment and organic recycling services.

On May 7, 1996, the Company consummated a merger agreement with Western Waste Industries ("Western") accounted for as a pooling of interests (the "Western Merger"). Under the terms of the Western Merger, the Company issued 1.50 shares of its common stock for each share of Western outstanding common stock. Prior to the Western Merger, the Company owned approximately 4.1% of Western's outstanding shares (634,900 common shares), which were canceled on the Western Merger's effective date. The Western Merger increased the Company's outstanding shares of common stock by approximately 22,028,000 shares and the Company assumed options under Western's stock option plans equivalent to approximately 5,200,000 underlying Company shares of common stock. With the addition of the Western operations, which include significant collection operations, the Company significantly increased its presence in California and added additional operations in Texas, Louisiana, Florida, Colorado, and Arkansas. Western had 91 municipal and regional authority contracts and served over 785,000 customers. As part of its business, Western operated six landfills, three transfer stations, and five recycling facilities.

In addition to the consummation of public mergers with Sanifill and Western, the Company acquired 90 collection operations, 18 transfer stations, 18 landfills, and six recycling businesses during 1996, with annualized revenues aggregating approximately $383,000,000.

On March 12, 1997, the Company acquired all of the Canadian solid waste subsidiaries of Allied Waste Industries, Inc. ("Allied"), representing 41 collection businesses, seven landfills, and eight transfer stations in the provinces of Alberta, British Columbia, Manitoba, Ontario, Quebec, and Saskatchewan, for approximately $518,000,000 in cash. These assets were acquired by Allied in December 1996 from Laidlaw, Inc. in conjunction with Allied's acquisition of all of Laidlaw, Inc.'s North American solid waste businesses.

The Company's business is subject to extensive federal, state, and local regulation and legislative initiative. Further, in some states and municipalities, its business is subject to environmental regulation, mandatory recycling laws, prohibitions on the deposit of certain waste in landfills, and restrictions on the flow of solid waste. Because of continuing public awareness and influence regarding the collection, transfer, and disposal of waste and the preservation of the environment, and uncertainty with respect to the enactment and enforcement of future laws and regulations, the Company cannot always accurately predict

the impact any future regulation or law may have on its operations. See "Regulation" and "Legal Proceedings" for additional information.

OPERATIONS

USA Waste provides collection, transfer, disposal, and recycling services to municipal, commercial, industrial, and residential customers in 36 states,

the District of Columbia, Canada, Mexico, and Puerto Rico.

Management of USA Waste's solid waste operations is achieved through an alignment that currently includes five regions organized by geographic area. Each region is headed by a regional vice president ("RVP"). Each RVP is responsible for the oversight of the following departments: sales and marketing, administration and finance, operations, and maintenance. In addition, each RVP typically has a small staff that works interactively with the corporate office to ensure proper regulatory compliance and reporting, engineering services, internal and external development, and strategic planning. Geographically, a region generally encompasses a multi-state area and may have a concentration from approximately 15 to 50 districts. Regions are divided into districts headed by a district manager. Each district manager is responsible for the day-to-day oversight of the district's field operations, with direct responsibility for customer satisfaction, employee motivation, labor and equipment productivity, internal growth, financial budgets, and profit and loss activity. A district generally encompasses a city, county, or metropolitan area. In areas of substantial concentration, a divisional vice president, reporting to a RVP, may oversee several districts.

Collection. Solid waste collection is provided under two primary types of arrangements depending on the customer being served. Commercial and industrial collection services are generally performed under one to three-year service agreements, and fees are determined by such factors as collection frequency, type of collection equipment furnished by USA Waste, type and volume or weight of the waste collected, the distance to the disposal facility, and cost of disposal. Most residential solid waste collection services are performed under contracts with, or franchises granted by, municipalities or regional authorities that have granted USA Waste exclusive rights to service all or a portion of the homes in their respective jurisdictions. Such contracts or franchises usually range in duration from one to five years. Recently, some municipalities have requested bids on their residential collection contracts based on the volume of waste collected. Residential collection fees are either paid by the municipalities from their tax revenues or service charges or are paid directly by the residents receiving the service.

As part of its services, the Company provides steel containers to most of its commercial and industrial customers to store solid waste. These containers, ranging in size from one to 45 cubic yards, are designed to be lifted mechanically and either emptied into a collection vehicle's compaction hopper or directly into a disposal site in the case of industrial customers. The use of containers enables the Company to service most of its commercial and industrial customers with collection vehicles operated by a single employee.

USA Waste often obtains waste collection accounts through acquisitions, including the purchase of customer lists, routes, and equipment. Once a collection operation is acquired, programs designed to improve equipment utilization, employee productivity, operating efficiencies, and overall profitability are implemented. USA Waste also solicits commercial and industrial customers in areas surrounding acquired residential collection markets as a means of further improving operating efficiencies and increasing volumes of solid waste collection.

As of December 31, 1996, USA Waste operated collection operations in approximately 123 locations in 32 states, Canada, Mexico, and Puerto Rico. On an overall basis, Company collection operations deliver approximately 48% of collected waste to landfills owned or operated by the Company. In the remaining markets, the waste collected is delivered to a municipal, county, or privately owned unaffiliated landfill or transfer station.

Transfer Stations. A transfer station is a facility located near residential and commercial collection routes where solid waste is received from collection vehicles and then transferred to and compacted in large, specially-constructed trailers for transportation to disposal facilities. This consolidation reduces costs by improving utilization of collection personnel and equipment. Fees are generally based on such factors as the type and volume or weight of the waste transferred and the transportation distance to disposal sites. USA Waste owns or operates 61 transfer stations, most of which transfer

some or all of the waste received to a landfill owned or operated by the Company.

Landfills. Municipal solid waste landfills are the primary depository for solid waste in North America, Canada, and Mexico. These disposal facilities are located on land with geological and hydrological properties that limit the possibility of water pollution, and are operated under prescribed procedures. A landfill must be maintained carefully to meet federal, state, and local regulations. Maintenance includes excavation, continuous spreading and compacting of waste, and covering of waste with earth or other inert material at least once a day. The cost of transporting solid waste to a disposal location places a geographic restriction on solid waste companies. Access to a disposal facility, such as a landfill, is a necessity for all solid waste management companies. While access can be obtained to disposal facilities owned or operated by unaffiliated parties, USA Waste believes that it is generally preferable for collection companies to utilize disposal facilities owned or operated by affiliated parties so that access can be assured on favorable terms. Customers are charged disposal charges or tipping fees

based on market factors and the type and volume or weight of solid waste deposited and the type and size of vehicles used in the conveyance of solid waste.

The ownership or lease of a landfill site enables USA Waste to dispose of waste without payment of disposal fees to unaffiliated parties. The Company does not own or lease a landfill site in every metropolitan area in which it is engaged in waste collection. To date, the Company has not experienced excessive difficulty securing the use of disposal facilities owned or operated by unaffiliated parties in those metropolitan areas in which it does not own or operate its own landfill. The Company's landfills are also used by unaffiliated waste collection companies and government agencies.

As of December 31, 1996, USA Waste owned and operated 84 non-hazardous solid waste landfills and operated another 17 non-hazardous solid waste landfills. Of the 101 landfills owned or operated by USA Waste, the average remaining life based on remaining permitted capacity and current average daily disposal volumes is approximately 25 years.

Recycling. In response to the increasing public environmental awareness and expanding federal, state, and local regulations pertaining to waste recycling, USA Waste has developed recycling as a component of its environmentally responsible integrated solid waste management plan. Curbside collection of recyclable materials for residential customers, commercial and industrial collection of recyclable materials, and material recovery/waste reduction facilities are services in which USA Waste has become involved to complement its collection and transfer station operations. Although the Company continues to provide the service of collecting recyclable products, to date the Company has not made material capital investments in material recovery/waste reduction facilities. Additional opportunities for expansion in these areas will continue to be evaluated.

USA Waste operates curbside recycling programs in connection with its residential collection operations in a number of markets and in association with a number of its transfer stations. Fees are determined by such considerations as market factors, frequency of collection, the type and volume or weight of recycled material, the distance the recycled material must be transported, and the value of the recycled material. Overall, however, USA Waste is not materially affected financially by fluctuations in commodity pricing for recyclable materials.

COMPETITION

The solid waste industry is highly competitive and requires substantial amounts of capital. The industry is comprised of two large companies, WMX Technologies, Inc. and Browning-Ferris Industries, Inc., a number of mid-sized and small companies, numerous municipalities and other regional or multi-county authorities, and large commercial and industrial companies handling their own waste collection or disposal operations. WMX Technologies, Inc. and Browning-Ferris Industries, Inc. have significantly larger operations and greater financial resources than the Company. Municipalities and counties are often able to offer lower direct charges to the customer for the same service by subsidizing the cost of such services through the use of tax revenues and tax-exempt financing. Generally, however, municipalities do not provide significant commercial and industrial collection or waste disposal.

The Company competes for landfill business on the basis of tipping fees, geographical location, and quality of operations. The Company's ability to obtain landfill business may be limited by the fact that some major collection companies also own or operate landfills to which they send their waste. The Company competes for collection accounts primarily on the basis of price and the quality of its services. Intense competition is encountered for both quality of service and pricing. From time to time, competitors may reduce the price of their services and accept lower profit margins in an effort to expand or maintain market share or to competitively win bid contracts.

The Company provides residential collection services under a number of municipal contracts. As is the case in the industry, such contracts come up for competitive bidding periodically and there is no assurance that the Company will be the successful bidder and will be able to retain such contracts. If the Company is unable to replace any contract lost through the competitive bidding process with a comparable contract within a reasonable time period or to use any surplus equipment in other service areas, the earnings of the Company could be adversely affected. However, during 1996, no one commercial customer or municipal contract accounted for more than 5% of the operating revenues of the Company. As the Company continues to grow, the loss of any one contract will have less of an impact on the Company's operations as a whole.

Increased public environmental awareness and certain mandated state regulations have resulted in increased recycling efforts in many different areas of the country that are currently and will in the future reduce the amount of solid waste destined for landfills. In addition, the Company could face competition from companies engaged in waste incineration and other alternatives to landfill disposal. Although the Company believes that landfills will continue to be the primary depository for solid waste well into the future, there can be no assurance that recycling, incineration, and waste reduction efforts will not affect future landfill disposal volumes. The effect, if any, on such volumes could also vary between different regions of the country as well as within individual market areas in each region.

PRICING

Operating costs, disposal costs, and collection fees vary widely throughout the geographic areas in which the Company operates. The prices that the Company charges are determined locally, and typically by the volume or weight, type of waste collected, treatment requirements, risks involved in the handling or disposing of waste, frequency of collections, distance to final disposal sites, and amount and type of equipment furnished to the customer. Under certain contracts, the Company's ability to pass on cost increases is limited. Long-term solid waste collection contracts typically contain a formula, generally based on published price indices, for automatic adjustment of fees to cover increases in some, but not all, operating costs.

EMPLOYEES

At December 31, 1996, the Company had approximately 9,800 full-time employees, of which approximately 2,300 were employed in clerical, administrative, and sales positions, 235 in management, and the balance in collection, transfer, and disposal operations. Approximately 1,700 of the Company's employees at 37 operating locations are covered by collective bargaining agreements. The Company has not experienced a work stoppage, and management considers its employee relations to be good.

INSURANCE AND FINANCIAL ASSURANCE OBLIGATIONS

The Company carries a broad range of insurance coverages, which management considers prudent for the protection of the Company's assets and operations. Some of these coverages are subject to varying retentions of risk by the Company. At December 31, 1996, the casualty coverages included $2,000,000 primary commercial general liability and $1,000,000 primary automobile liability supported by $100,000,000 in umbrella insurance protection. The umbrella insurance coverage was increased to $150,000,000 as of January 1, 1997. The property policy provides insurance coverages for all of the Company's real and personal property, including California earthquake perils. The Company also carries $200,000,000 in aircraft liability protection.

The Company maintains workers' compensation insurance in accordance with laws of the various states in which it has employees. The Company also currently has an environmental impairment liability ("EIL") insurance policy for certain of its landfills and transfer stations that provides coverage for property damages and/or bodily injuries to third parties caused by off-site pollution emanating from such landfills or transfer stations. This policy provides $5,000,000 of coverage per incident with a $10,000,000 aggregate limit.

To date, the Company has not had any difficulty in obtaining insurance. However, if the Company in the future is unable to obtain adequate insurance, or decides to operate without insurance, a partially or completely uninsured claim against the Company, if successful and of sufficient magnitude, could have a material adverse effect upon the Company's financial condition or results of operations. Additionally, continued availability of casualty and EIL insurance with sufficient limits at acceptable terms is an important aspect of obtaining revenue-producing waste service contracts.

Municipal and governmental waste management contracts typically require performance bonds or bank letters of credit to secure performance. In addition, the Company is required to provide financial assurance for closure and post-closure obligations with respect to its landfills. The Company has not experienced difficulty in obtaining performance bonds or letters of credit for its current operations. At December 31, 1996, the Company had provided to municipalities and other customers and various regulatory authorities surety bonds of approximately $184,164,000 and letters of credit of approximately $3,271,000 to secure its obligations, exclusive of letters of credit enhancing industrial revenue bonds of approximately $164,639,000. Continued availability of surety bonds and letters of credit in sufficient amounts at acceptable rates is an important aspect of obtaining additional municipal collection contracts and obtaining or retaining landfill operating permits.

REGULATION

General - Potential Adverse Effect of Government Regulations

All of the Company's principal business activities are subject to extensive and evolving environmental, health, safety, and transportation laws and regulations at the federal, state, and local levels. These regulations are administered by the EPA in the United States and various other federal, state, and local environmental, zoning, health, and safety agencies in the United States and elsewhere, many of which periodically examine the Company's operations to monitor compliance with such laws and regulations.

The development, expansion, and operation of landfills and transfer

stations are subject to extensive regulations governing siting, design, operations, monitoring, site maintenance, corrective actions, financial assurance, and closure and post-closure obligations. In order to construct, expand, and operate a landfill or transfer station, the Company must obtain and maintain one or more construction or operating permits and licenses and, in certain instances, applicable zoning approvals. Obtaining the necessary permits and approvals in connection with the acquisition, development, or expansion of a landfill or transfer

station is difficult, time-consuming (often taking two to three years or more), and expensive, and is frequently opposed by local citizen and/or environmental groups. Once obtained, operating permits are subject to modification and revocation by the issuing agency. Compliance with current and future regulatory requirements may require the Company, as well as others in the waste management industry, from time to time, to make significant capital and operating expenditures.

In the collection segment of the industry, regulation takes such forms as licensing collection vehicles, health and safety requirements, vehicular weight limitations, and, in certain localities, limitations on weight, area, time, and frequency of collection.

Federal, state, and local governments have from time to time proposed or adopted other types of laws, regulations, or initiatives with respect to the environmental services industry, including laws, regulations, and initiatives to ban or restrict the international, interstate, or intrastate shipment of wastes, impose higher taxes on out-of-state waste shipments than on in-state shipments, limit the types of wastes that may be disposed of at existing landfills, mandate waste minimization initiatives, require recycling and yard waste composting, reclassify certain categories of non-hazardous waste as hazardous, and regulate disposal facilities as public utilities. Congress has from time to time considered legislation that would enable or facilitate such bans, restrictions, taxes, and regulations, many of which could adversely affect the demand for the Company's services. Similar types of laws, regulations, and initiatives have also from time to time been proposed or adjusted in other jurisdictions in which the Company operates. The effect of these and similar laws could be a reduction of the volume of waste that would otherwise be disposed of in Company landfills. The Company makes a continuing effort to anticipate regulatory, political, and legal developments that might affect operations, but it is not always able to do so. The Company cannot predict the extent to which any legislation or regulation that may be enacted, amended, repealed, or enforced in the future may affect its operations. Such actions could adversely affect the Company's operations or impact the Company's financial condition or earnings for one or more fiscal quarters or years.

Governmental authorities have the power to enforce compliance with regulations and permit conditions and to obtain injunctions or impose fines in case of violations. During the ordinary course of its operations, the Company may from time to time receive citations or notices from such authorities that a facility is not in full compliance with applicable environmental or health and safety regulations. Upon receipt of such citations or notices, the Company will work with the authorities to address their concerns. Failure to correct the problems to the satisfaction of the authorities could lead to monetary penalties, curtailed operations, jail terms, facility closure, or inability to obtain permits for additional sites.

As a result of changing government and public attitudes in the area of environmental regulation and enforcement, management anticipates that continually changing requirements in health, safety, and environmental protection laws will require the Company and others engaged in the solid waste management industry to continually modify or replace various facilities and

alter methods of operation at costs that may be substantial. Most of the Company's expenditures incurred in the operation of its landfills relate to complying with the requirements of laws concerning the environment. These expenditures relate to facility upgrades, corrective actions, and facility closure and post-closure care. The majority of these expenditures are made in the normal course of the Company's business and neither materially adversely affect the Company's earnings nor place the Company at any competitive disadvantage. The Company has not expended any material amount to remedy the potential impact to the public or the environment. Although the Company, to the best of its knowledge, is currently in compliance in all material respects with all applicable federal, state, and local laws, permits, regulations, and orders affecting its operations, there is no assurance that the Company will not have to expend substantial amounts for such actions in the future.

The Company expects to grow in part by acquiring existing landfills, transfer stations, and collection operations. Although the Company conducts due diligence investigations of the past waste management practices of the businesses that it acquires, it can have no assurance that, through its investigation, it will identify all potential environmental problems or risks. As a result, the Company may have acquired, or may in the future acquire, landfills that have unknown environmental problems and related liabilities. The Company will be subject to similar risks and uncertainties in connection with the acquisition of closed facilities that had been operated by businesses acquired by the Company. The Company seeks to mitigate the foregoing risks by obtaining environmental representations and indemnities from the sellers of the businesses that it acquires. However, there can be no assurance that the Company will be able to rely on any such indemnities if an environmental liability exists.

Federal Regulation

The primary U.S. federal statutes affecting the business of the Company are summarized below.

(1) The Solid Waste Disposal Act ("SWDA"), as amended by the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"). The SWDA and its implementing regulations establish a framework for regulating the handling, transportation, treatment, and disposal of hazardous and non-hazardous waste. They also require states to develop programs to insure the safe disposal of solid waste in landfills.

Subtitle D of RCRA establishes a framework for federal, state, and local government cooperation in controlling the management of non-hazardous solid waste. Under Subtitle D, the EPA has adopted regulations that establish minimum standards for solid waste disposal facilities, which include location standards, hydrogeological investigations, facility design requirements (including liners and leachate collection systems), enhanced operating and control criteria, groundwater and methane gas monitoring, corrective action standards, closure and extended post-closure requirements, and financial assurance standards. These federal regulations must be implemented by the states, although states may impose requirements for landfill sites that are more stringent than the federal Subtitle D standards. The Company could incur significant costs in complying with such regulations; however, the Company does not believe that the costs of complying with such standards will have a material adverse effect on its operations. All of the Company's planned landfill expansions will be engineered to meet or exceed all applicable Subtitle D requirements.

(2) The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"). CERCLA, among other things, provides for the cleanup of sites from which there is a release or threatened release of a

hazardous substance into the environment. CERCLA imposes joint and several liability for the costs of cleanup and for damages to natural resources upon the present and former owners or operators of facilities or sites from which there is a release or threatened release of hazardous substances (former owners and operators are liable only to the extent the release, and sometimes disposal, occurred during their period of ownership). Waste generators and transporters (including a contract carrier who has accepted a hazardous substance for transportation) are also strictly liable. Under the authority of CERCLA and its implementing regulations, detailed requirements apply to the manner and degree of remediation of facilities and sites where hazardous substances have been or are threatened to be released into the environment.

Liability under CERCLA is not dependent upon the intentional disposal of "hazardous wastes," as defined under RCRA. It can be founded upon the release or threatened release, even as a result of lawful, unintentional, and non-negligent action, of any one of more than 700 "hazardous substances," including very small quantities of such substances. CERCLA requires the EPA to establish a National Priorities List ("NPL") of sites at which hazardous substances have been or are threatened to be released and which require investigation or cleanup. More than 20% of the sites on the NPL are solid waste landfills that ostensibly never received any regulated "hazardous wastes." Thus, even if the Company's landfills have never received "hazardous wastes" as such, it is likely that one or more hazardous substances have come to be located at its landfills. Because of the extremely broad definition of "hazardous substances," the same is true of other industrial properties with which the Company or its predecessors has been, or with which the Company may become, associated as an owner or operator. Consequently, if there is a release or threatened release of such substances into the environment from a site currently or previously owned or operated by the Company, the Company could be liable under CERCLA for the cost of removing such hazardous substances at the site, remediation of contaminated soil or groundwater, and for damages to natural resources, even if those substances were deposited at the Company's facilities before the Company acquired or operated them. The costs of a CERCLA cleanup can be very substantial. Given the limited amount of environmental impairment liability insurance maintained by the Company, a finding of such liability could have a material adverse impact on the Company's business and financial condition. Although the Company maintains environmental impairment liability insurance in amounts the Company believes are compliant with state and federal requirements, these coverages might be insufficient to cover a significant CERCLA mandated cleanup.

Although the Company would not be liable under CERCLA for the cleanup of a disposal site containing hazardous wastes transported to such site by the Company so long as the site was selected by the generator of such waste, the Company would be responsible for any hazardous waste during actual transportation. Also, the Company could be liable under CERCLA for off-site environmental contamination caused by the release of pollutants or hazardous substances transported by the Company, or a waste transporter acquired by the Company, where the transporter selected the disposal site. CERCLA imposes liability for certain environmental response measures upon transporters who arranged for the disposal site at which the release or threatened release of hazardous substances occurred. It therefore is common in the solid waste transport business to receive information requests from EPA about transporting activities to third party disposal sites. USA Waste has received potentially responsible party information requests regarding third party disposal sites. The environmental agencies or other potentially responsible parties could assert that USA Waste is liable for environmental response measures arising out of disposal at a site that was selected by USA Waste, a waste transporter acquired by USA Waste, or a waste transporter with whom USA Waste contracted.

Several bills are presently pending before the U.S. Congress to reauthorize and substantially amend CERCLA. In addition to possible changes in the statute's funding mechanisms and provisions for allocating cleanup responsibility, Congress may also fundamentally alter the statute's provisions governing the selection of appropriate site cleanup remedies. In this regard, new approaches to cleanup, removal, treatment, and remediation of hazardous substance contamination may be adopted which rely on nationally or site-specific risk based standards. These types of policy changes could

significantly affect the stringency and extent of site remediation, the types of remediation techniques employed, and the types of hazardous waste management facilities that may be used for the treatment and disposal of hazardous substances. Congress may additionally consider revision of the liability imposed by CERCLA on current owners of property for contamination caused prior to a party's acquisition of the site. This consideration could reduce the remediation obligations of the Company for remediation obligations under CERCLA.

The EPA's primary way of determining whether a site is to be included on the NPL is the Hazard Ranking System, which evaluates the relative potential for uncontrolled hazardous substances to pose a threat to human health or the environment pursuant to a scoring system based on factors grouped into three factor categories: (1) likelihood of release, (2) waste characteristics, and (3) targets. As of mid-1996, the EPA had proposed or identified approximately 39,000 sites for preliminary assessment (including approximately 6,500 solid waste landfills). These sites are compiled on the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) list. The identification of a site on the CERCLIS list indicates only that the site has been brought to the attention of the EPA and does not necessarily mean that an actual health or environmental threat currently exists or has ever existed. Like many of the landfills in the State of Illinois, the Company's Countryside and Leroy Brown landfills were placed on the CERCLIS list. In 1996, the EPA began an effort to reduce the number of sites on the CERCLIS list and recently announced that more than 25,000 sites would be removed from the list.

The Countryside landfill in Grayslake, Illinois, was proposed for preliminary assessment in 1979 and underwent a preliminary assessment in 1983 and a site inspection in 1986 under the EPA's program. The EPA has not taken any further action with respect to the evaluation of the Countryside landfill since 1986. Based on its review of the wastes deposited at the Countryside landfill, the hydrogeological structure of the site, the facility's design, and a report received by the Company from its independent environmental consultant at the time the Company acquired the landfill, the Company does not believe that the outcome of the EPA's evaluation of the Countryside landfill will result in it being proposed for listing on the NPL or have any material adverse impact on the operation of the landfill.

The Company's records indicate that in 1977 and 1978, the Leroy Brown landfill in Macomb, Illinois, accepted 40 drums of material that would now be classified as hazardous waste, and a small quantity of hazardous waste was accepted by the landfill between 1987 and 1989. A screening site inspection was performed by the Illinois Environmental Protection Agency ("IEPA") in 1989. That inspection and further testing disclosed the presence of minimal contamination of groundwater beneath the landfill. At this time, neither the EPA nor the IEPA has recommended or required any remedial action, beyond normal closure and post-closure monitoring, on the part of the Company with respect to any hazardous substance present at the disposal facility. However, because of the acceptance of the drums and the limited amount of hazardous waste at the site, the IEPA could demand that the Company obtain a permit for a hazardous waste facility. The process of securing this permit could take several years and could result in significant expenditures. The IEPA could also require the Company to develop and execute a closure and post-closure plan, which is separate and apart from the plan already approved by the IEPA for the non-hazardous landfill. The costs of developing and executing a new closure and post-closure plan are dependent, in part, on the area of the existing site that would be required to be closed and monitored as a hazardous waste facility and are uncertain at this time.

In November 1993, a subsidiary of the Company acquired Kitsap County Sanitary Landfill, Inc. ("KCSL"), which owns the Olympic View landfill.

Landfill operations at the Olympic View landfill began in the 1960s, at which time the site was known as the "Barney White" site. The Barney White site was closed in 1985 after reaching its capacity. A flexible membrane liner was installed in late 1991, as an enhancement to the existing natural soil cap, in order to minimize the production of leachate following detection of a small amount of hazardous materials in groundwater monitoring wells. The Company believes that it can avoid costly remediation through the maintenance of the cap on the old site, the design of an appropriate monitoring program, and the institution of a program of controls at the site, which should prevent harmful leaching.

In addition, from May 1979 to May 1994, KCSL operated the Hansville County landfill under a lease agreement with Kitsap County, Washington. Under the agreement, KCSL was required to operate the landfill until 1989, when the operation was replaced by a transfer station. The lease agreement did not include provisions relating to closure costs and post-closure monitoring. However, KCSL funded the closure costs and, at the request of the landfill-permitting agency, implemented certain measures in response to minor groundwater contamination detected near the site. The Company believes KCSL has met its obligations by implementing such measures. There can be no assurance, however, that state or federal environmental authorities will not require KCSL to finance additional investigation or remedial action at the site. KCSL has been indemnified by the landfill's previous owner against costs in excess of $500,000 that may be incurred by KCSL to mitigate any required action. The Company placed $500,000 in escrow at the closing of the KCSL acquisition to fund any indemnified costs KCSL may be required to bear relating to the Hansville County landfill.

(3) The Federal Water Pollution Control Act of 1972 (the "Clean Water Act"). The Clean Water Act establishes rules for regulating the discharge of pollutants into streams, rivers, groundwater, or other surface waters from a variety of sources, including non-hazardous solid waste disposal sites. Should run-off from the Company's landfills or transfer stations be discharged into surface waters, the Clean Water Act could require the Company to apply for and obtain discharge permits, conduct sampling and monitoring, and, under certain circumstances, reduce the quantity of pollutants in those discharges. The EPA issued additional rules under the Clean Water Act which establish standards for storm water runoff from landfills and which require landfills to obtain storm water discharge permits. In addition, if a Company landfill or transfer station discharges wastewater through a sewage system to a publicly owned treatment works, the facility must comply with discharge limits imposed by the treatment works. Also, if development of a landfill may alter or affect "wetlands," a permit may have

to be obtained before such development could commence. This requirement is likely to affect the construction or expansion of many landfill sites. The Clean Water Act provides civil, criminal, and administrative penalties for violations of its provisions.

(4) The Clean Air Act. The Clean Air Act provides for the federal, state, and local regulation of the emission of air pollutants. The Company's soil remediation facilities are required to obtain air emission permits for operation under these regulations. These regulations also may impose emission limitations and monitoring and reporting requirements on various other operations of the Company, including its landfills and waste collection vehicles. The EPA has construed the Clean Air Act to apply to landfills, which may emit methane gas and other air pollutants. The costs of compliance with Clean Air Act permitting and emission control requirements are not anticipated to have a material adverse effect on the Company.

(5) The Occupational Safety and Health Act of 1970 (the "OSHA Act"). The

OSHA Act authorizes the Occupational Safety and Health Administration to promulgate occupational safety and health standards. Various of these standards, including standards for notices of hazards, safety in excavation and demolition work, and the handling of asbestos, may apply to the Company's operations.

State and Local Regulation

The states in which the Company operates have their own laws and regulations governing hazardous and non-hazardous solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liability for such matters. The states also have adopted regulations governing the siting, design, operation, maintenance, closure, and post-closure maintenance of landfills and transfer stations. The Company's facilities and operations are likely to be subject to many, if not all, of these types of requirements. In addition, the Company's collection and landfill operations may be affected by the trend in many states toward requiring the development of waste reduction and recycling programs. For example, several states recently have enacted laws that require counties to adopt comprehensive plans to reduce, through waste planning, composting, recycling, or other programs, the volume of solid waste deposited in landfills. Additionally, the disposal of yard waste in solid waste landfills has recently been banned in several states. Legislative and regulatory measures to mandate or encourage waste reduction at the source and waste recycling have also been considered from time to time by Congress and the EPA.

Various states have enacted, or are considering enacting, laws that restrict the disposal within the state of hazardous and non-hazardous solid waste generated outside the state. While laws that overtly discriminate against out-of-state waste have been found to be unconstitutional, some laws that are less overtly discriminatory have been upheld in court. Additionally, certain state and local governments have enacted "flow control" regulations, which attempt to require that all waste generated within the state or local jurisdiction be deposited at specific disposal sites. In May 1994, the U.S. Supreme Court ruled that a flow control ordinance was unconstitutional. Challenges to other such laws are pending. The outcome of pending litigation and the likelihood that other such laws will be passed and will survive constitutional challenge are uncertain. The U.S. Congress has from time to time and is currently considering legislation authorizing states to adopt such regulations, restrictions, or taxes on the importation of extraterritorial waste, and granting states and local governments authority to enact partial flow control legislation. To date, such Congressional efforts have been unsuccessful. The U.S. Congress' adoption of such legislation allowing for restrictions on importation of extraterritorial waste or certain types of flow control, or the adoption of legislation affecting interstate transportation of waste at the federal or state level, could adversely affect the Company's solid waste management services, including collection, transfer, disposal, and recycling operations, and in particular the Company's ability to expand landfill operations acquired in certain areas.

Many states and local jurisdictions in which the Company operates have enacted "fitness" laws that allow agencies having jurisdiction over waste services contracts or site permits to decline to award such contracts or deny or revoke such permits on the basis of an applicant's (or permit holder's) environmental or other legal compliance history. These laws authorize the agencies to make determinations of an applicant's fitness to be awarded a contract or to operate a facility and to deny or revoke a contract or permit because of unfitness absent a showing that the applicant has been rehabilitated through the adoption of various operating policies and procedures put in place to assure future compliance with applicable laws and regulations.

FACTORS INFLUENCING FUTURE RESULTS AND ACCURACY OF FORWARD-LOOKING STATEMENTS

In the normal course of its business, the Company, in an effort to help keep its stockholders and the public informed about the Company's operations, may from time to time issue or make certain statements, either in writing or orally, that are or contain forward-looking statements, as that term is defined in the U.S. federal securities laws. Generally, these statements relate to

business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, projected or anticipated benefits from acquisitions made by or to be made by the Company, or projections involving anticipated revenues, earnings, or other aspects of operating results. The words "expect," "believe," "anticipate," "project," "estimate," and similar expressions are intended to identify forward-looking statements. The Company cautions readers that such statements are not guarantees of future performance or events and are subject to a number of factors that may tend to influence the accuracy of the statements and the projections upon which the statements are based, including but not limited

to those discussed below. As noted elsewhere in this report, all phases of the Company's operations are subject to a number of uncertainties, risks, and other influences, many of which are outside the control of the Company, and any one of which, or a combination of which, could materially affect the results of the Company's operations and whether forward-looking statements made by the Company ultimately prove to be accurate.

The following discussion outlines certain factors that could affect the Company's consolidated results of operations for 1997 and beyond and cause them to differ materially from those that may be set forth in forward-looking statements made by or on behalf of the Company:

No Assurance of Successful Management and Maintenance of Growth

USA Waste has experienced rapid growth, primarily through acquisitions. USA Waste's future financial results and prospects depend in large part on its ability to successfully manage and improve the operating efficiencies and productivity of these acquired operations. In particular, whether the anticipated benefits of acquired operations are ultimately achieved will depend on a number of factors, including the ability of combined companies to achieve administrative cost savings, rationalization of collection routes, insurance and bonding cost reductions, general economies of scale, and the ability of the Company, generally, to capitalize on its combined asset base and strategic position. Moreover, the ability of USA Waste to continue to grow will depend on a number of factors, including competition from other waste management companies, availability of attractive acquisition opportunities, availability of working capital, ability to maintain margins, and the management of costs in a changing regulatory environment. There can be no assurance that USA Waste will be able to continue to expand and successfully manage its growth.

Acquisition Strategy

The Company regularly pursues opportunities to expand through acquisitions. The Company plans to continue to seek acquisitions that complement its services, broaden its customer base, and improve its operating efficiencies. The Company's acquisition strategy involves certain potential risks associated with assessing, acquiring, and integrating the operations of acquired companies. Although the Company generally has been successful in implementing its acquisition strategy, there can be no assurance that attractive acquisition opportunities will continue to be available, that the Company will have access to the capital required to finance potential acquisitions on satisfactory terms, or that any businesses acquired will prove profitable. Future acquisitions may result in the incurrence of additional indebtedness or the issuance of additional equity securities.

International Expansion

In 1997, a significant portion of the Company's operations will be conducted in Canada. The Company's operations in foreign countries, including Canada, generally are subject to a number of risks inherent in any business

operating in foreign countries, including political, social, and economic instability, exchange rate fluctuations, and governmental regulation, all of which are beyond the control of the Company. In particular, the Company's Canadian operations will be subject to the various environmental, zoning, health, and safety regulations as well as licensing and other requirements. No prediction can be made as to how existing or future foreign governmental regulations in any jurisdiction may affect the Company in particular or the solid waste management industry in general.

Need for Capital; Debt Financing

The long-term debt of USA Waste, including current maturities, at December 31, 1996, was approximately $1,187,000,000. USA Waste expects to require additional capital from time to time to pursue its acquisition strategy and to fund internal growth. A portion of USA Waste's future capital requirements may be provided through future debt incurrences or issuances of equity securities. There can be no assurance that USA Waste will be able to obtain additional capital through such debt incurrences or issuances of additional equity securities.

Profitability May be Affected by Competition

The waste management industry is highly competitive and requires substantial capital resources. The industry consists of a few large national waste management companies as well as numerous local and regional companies of varying sizes and financial resources. The two largest national waste management companies have greater financial resources than USA Waste. Competition may be enhanced and profitability may be adversely affected by the increasing national emphasis on recycling, composting, incineration, and other waste reduction programs that could reduce the volume of solid waste collected or deposited in landfills.

Potential Adverse Effect of Government Regulation

USA Waste's operations are subject to and substantially affected by extensive federal, state, and local laws, regulations, orders, and permits, which govern environmental protection, health and safety, zoning, and other matters. These regulations may impose restrictions on operations that could adversely affect the Company's results, such as limitations on the expansion of disposal facilities, limitations on or the banning of disposal of out-of-state waste or certain categories of waste, or mandates regarding the disposal of solid waste. Because of heightened public concern, companies in the waste management business may become subject to judicial and administrative proceedings involving federal, state, or local agencies. These governmental agencies may seek to impose fines or revoke or deny renewal of operating permits or licenses for violations of various laws, including environmental laws or regulations or to require remediation of environmental problems at sites or nearby properties, or resulting from transportation or predecessors' transportation and collection operations, all of which could have a material adverse effect on the Company. Liability may also arise from actions brought by individuals or community groups in connection with the permitting or licensing of operations, any alleged violations of such permits and licenses, or other matters.

Potential Environmental Liability

USA Waste is subject to liability for environmental damage that its collection operations, transfer stations, and landfills cause or may cause nearby landowners, particularly as a result of the contamination of drinking water sources or soil, including damage resulting from conditions existing prior to the acquisition of such assets or operations. Liability may also

arise from any off-site environmental contamination caused by pollutants or hazardous substances under circumstances where transportation, treatment, or disposal was arranged for USA Waste or predecessor owners of operations or assets acquired by USA Waste. Any substantial liability for environmental damage could materially adversely affect the operating results and financial condition of USA Waste.

Shares Eligible for Future Sale May Adversely Affect Market Price of Stock

Sales of substantial amounts of USA Waste common stock in the public market could adversely affect the market price of such stock. USA Waste maintains a shelf registration statement for the benefit of certain stockholders relating to 4,000,000 shares of USA Waste common stock. Such shares are immediately saleable in the open market. In addition, USA Waste maintains a shelf registration statement covering approximately 8,810,000 shares of USA Waste common stock at March 15, 1997 that may be issued in acquisitions. In the event the market price of USA Waste stock were adversely affected by such sales, the Company's access to equity capital markets could be adversely affected, and issuances of stock by USA Waste in connection with acquisitions, or otherwise, could dilute earnings per share.

Seasonality

The Company's operating revenues tend to be somewhat lower in the winter months. This is generally reflected in the Company's first quarter operating results and may also be reflected in its fourth quarter operating results. This is primarily attributed to the fact that (i) the volume of waste relating to construction and demolition activities tends to increase in the spring and summer months and (ii) the volume of waste relating to industrial and residential waste in certain regions where the Company operates tends to decrease during the winter months.

ITEM 2. PROPERTIES.

The principal property and equipment of the Company consists of land (primarily landfill sites, transfer stations, and bases for collection operations), buildings, and vehicles and equipment. The Company owns or leases real property in most states in which it is doing business. At December 31, 1996, 84 solid waste landfills, aggregating approximately 30,527 total acres, including approximately 8,258 permitted acres, were owned and operated by the Company and 17 landfills, aggregating approximately 2,864 total acres, including approximately 1,559 permitted acres, were operated by the Company or leased from parties not affiliated with the Company.

The Company leases approximately 85,770 square feet of office space in Houston, Texas, for its executive office under a ten year lease expiring in 2007. The Company owns real estate, buildings, and other physical properties that it employs in substantially all of its solid waste collection operations. The Company also leases a portion of its transfer stations, offices, and garage and shop facilities. For the year ended December 31, 1996, aggregate annual rental payments on real estate leased by the Company was approximately $2,926,000.

The Company owns approximately 8,100 items of equipment, including waste collection vehicles and related support vehicles, as well as bulldozers, compactors, earth movers, and related heavy equipment and vehicles used in landfill operations. The Company has more than 415,000 steel containers in use, ranging from one to 45 cubic yards, and a number of stationary compactors and self-dumping hoppers.

The Company believes that its vehicles, equipment, and operating properties

are well maintained and adequate for its current operations. However, the Company expects to make substantial investments in additional equipment and property for expansion, for replacement of assets, and in connection with future acquisitions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 3. LEGAL PROCEEDINGS.

On or about March 8, 1993, an action was filed in the United States District Court for the Western District of Pennsylvania, captioned Option Resource Group, et al. v. Chambers Development Company, Inc., et al., Civil Action No. 93-354. This action was brought by a market maker in options in Chambers stock and two of its general partners and asserts federal securities law and common law claims alleging that Chambers, in publicly disseminated materials, intentionally or negligently misstated its earnings and that Chambers' officers and directors committed mismanagement and breach of fiduciary duties. These plaintiffs allege that, as a result of large amounts of put options traded on the Chicago Board of Options Exchange between March 13 and March 18, 1992, they engaged in offsetting transactions resulting in approximately $2,100,000 in losses. The plaintiffs in Option Resource Group had successfully requested exclusion from a now settled class action of consolidated suits instituted on similar claims ("Class Action") and Option Resource Group is continuing as a separate lawsuit. Plaintiffs filed a motion for summary judgment which is untimely under the court's case management procedures. The court has stayed responses to the motion for summary judgment. In response to discovery on damages, the plaintiffs reduced their damages claim to $433,000 in alleged losses, plus interest and attorneys' fees, for a total damage claim of $658,000 as of August 21, 1995. Discovery has been completed and a trial date has been set for early 1997. The Company intends to continue to vigorously defend against this action. Management of the Company believes the ultimate resolution of such complaint will not have a material adverse effect on the Company's financial position or results of operations.

On August 3, 1995, Frederick A. Moran and certain related persons and entities filed a lawsuit against Chambers, certain former officers and directors of Chambers, and Grant Thornton, LLP, in the United States District Court for the Southern District of New York under the caption Moran, et al. v. Chambers, et al., Civil Action No. 95-6034. Plaintiffs, who claim to represent approximately 484,000 shares of Chambers stock, requested exclusion from the settlement agreements which resulted in the resolution of the Class Action and assert that they have incurred losses attributable to shares purchased during the class period and certain additional losses by reason of alleged management misstatements during and after the class period. The claimed losses include damages to Mr. Moran's business and reputation. The Judicial Panel on Multidistrict Litigation has transferred this case to the United States District Court for the Western District of Pennsylvania. The Company has filed its answer to the complaint and intends to vigorously defend against these claims. The case is currently in discovery. Management of the Company believes the ultimate resolution of such complaint will not have a material adverse effect on the Company's financial position or results of operations.

The Company is a party to various other litigation matters arising in the ordinary course of business. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position and results of operations. In the normal course of its business and as a result of the extensive government regulation of the solid waste industry, the Company periodically may become subject to various judicial and administrative proceedings and investigations involving federal, state, or local agencies. To date, the Company has not been required to pay any material fine or had a judgment entered against it for violation of any environmental law. From time to time, the Company also may be subjected to actions brought by citizen's groups in connection with the permitting of landfills or transfer stations, or alleging violations of the permits pursuant to which the Company operates. From time to time, the Company is also subject to claims for personal injury or property damage arising out of accidents involving its vehicles.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to the stockholders of USA Waste during the fourth quarter of 1996.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names and ages, as of March 1, 1997, of the Company's executive officers (as defined by regulations of the Securities and Exchange Commission), the positions they hold with the Company, and summaries of their business experience.

John E. Drury, age 52, has been Chairman of the Board since June 30, 1995, and Chief Executive Officer and a director of USA Waste since May 27, 1994. From 1991 to May 1994, Mr. Drury served as a Managing Director of Sanders Morris Mundy Inc. ("SMMI"), a Houston based investment banking firm. Mr. Drury served as President and Chief Operating Officer of Browning-Ferris Industries, Inc. ("BFI") from 1982 to 1991, during which time he had chief responsibility for all solid waste operations.

Rodney R. Proto, age 47, has been President, Chief Operating Officer, and a director since joining USA Waste in August 1996. Prior to joining USA Waste, Mr. Proto was President, Chief Operating Officer, and a director of Sanifill, Inc. since February 1992. Prior to such time, Mr. Proto was employed by BFI for twelve years where he served, among other positions, as President of Browning-Ferris Industries Europe, Inc. from 1987 through 1991 and Chairman of BFI Overseas from 1985 through 1987.

Donald F. Moorehead, Jr., age 46, has been Vice Chairman of the Board since June 30, 1995, and Chief Development Officer since May 27, 1994. From October 1, 1990 to June 30, 1995, he was also Chairman of the Board, and from October 1, 1990 to May 27, 1994, he was Chief Executive Officer. Mr. Moorehead was Chairman of the Board and Chief Executive Officer of Mid-American Waste Systems, Inc. ("Mid-American") from the inception of Mid-American in December 1985 until August 1990 and continued as a director until February 1991.

Earl E. DeFrates, age 53, has been Executive Vice President and Chief Financial Officer since May 1994. From October 1990 to April 1995, he was also Secretary. Mr. DeFrates joined USA Waste as Vice President-Finance in October 1990 and was elected Executive Vice President in May 1994. Prior thereto, Mr. DeFrates was employed by Acadiana Energy Inc. (formerly Tatham Oil & Gas, Inc.) serving in various officer capacities including the company's Chief Financial Officer, since 1980.

Gregory T. Sangalis, age 41, has been Vice President, General Counsel and Secretary since April 4, 1995. Prior to joining USA Waste, Mr. Sangalis was employed by a solid waste subsidiary of WMX Technologies, Inc. ("WMX") serving in various legal capacities since 1986 and including Group Vice President and General Counsel from August 1992 to April 1995. Prior to joining WMX, he was General Counsel of Peavey Company and had been engaged in the private practice of law in Minnesota.

Bruce E. Snyder, age 41, has been Vice President and Chief Accounting Officer of USA Waste since July 1, 1992. Prior to joining USA Waste, Mr. Snyder was employed by the international accounting firm of Coopers & Lybrand L.L.P., serving there since 1989 as an audit manager. From 1985 to 1989, Mr. Snyder held various financial positions with Price Edwards Henderson & Co., a privately held real estate development and management company in Oklahoma City, Oklahoma, and its affiliated companies, ultimately serving as Senior Vice President.

Ronald H. Jones, age 46, has been Vice President and Treasurer since joining USA Waste in June 1995. Prior to joining USA Waste, Mr. Jones was

employed by Chambers Development Company, Inc. ("Chambers") as Vice President and Treasurer from July 1992 to June 1995, Director, Corporate Development from December 1990 to July 1992, and Assistant Vice President - Finance from July 1989 to December 1990. Prior to joining Chambers, Mr. Jones was a Vice President and Manager of the Cincinnati regional office engaged in corporate and middle market lending with Bank of New York (formerly Irving Trust Company) and with Chase Manhattan Bank.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "UW." The following table sets forth the range of the high and low per share sales prices for the common stock as reported on the NYSE Composite Tape.

	HIGH	LOW
1995		
First Quarter	$ 12.50	$ 10.00
Second Quarter	16.63	11.50
Third Quarter	22.00	14.63
Fourth Quarter	22.50	17.00
1996		
First Quarter	$ 25.63	$ 17.25
Second Quarter	32.63	24.00
Third Quarter	34.13	22.75
Fourth Quarter	34.25	28.63
1997		
First Quarter (through March 25, 1997)	$ 38.88	$ 28.63

On March 25, 1997, the closing sale price as reported on the NYSE was $37 3/8 per share. The number of holders of record of Common Stock based on the transfer records of the Company at March 25, 1997, was 3,713.

The Company has never paid cash dividends on its common stock, and the Company's Board of Directors presently intends to retain any earnings in the foreseeable future for use in the Company's business. Payment of dividends on the common stock is restricted by terms of the Company's revolving credit facility. See Note 5 to the Consolidated Financial Statements of the Company.

ITEM 6. SELECTED FINANCIAL DATA.

The Selected Financial Data set forth below include the accounts of the Company and the businesses acquired in transactions accounted for as poolings

of interests as if such businesses had been combined since their inception. The accounts of the businesses acquired in transactions accounted for as purchases are included from their respective dates of acquisition.

	For the Years Ended December 31,				
	1996	1995	1994	1993	1992
	(In Thousands, Except Per Share Amounts)				
STATEMENT OF OPERATIONS DATA:					
Operating revenues	$ 1,313,388	$ 987,705	$ 897,644	$ 778,966	$ 682,869
Cost and expenses:					
Operating	704,917	551,305	520,255	455,282	424,497
General and administrative	160,539	140,051	138,819	126,347	130,956
Depreciation and amortization	153,168	119,570	112,860	96,861	77,872
Merger costs	120,656	25,639	3,782	--	--
Unusual items	63,800	4,733	8,863	2,672	72,090
	1,203,080	841,298	784,579	681,162	705,415
Income (loss) from operations	110,308	146,407	113,065	97,804	(22,546)
Other income (expense):					
Shareholder litigation settlement and other litigation related costs	--	--	(79,400)	(5,500)	(10,853)
Interest expense:					
Nonrecurring interest	--	(10,994)	(1,254)	--	--
Other	(45,547)	(48,558)	(47,678)	(46,032)	(44,612)
Interest income	5,267	5,482	4,670	4,835	6,840
Other income, net	8,060	5,143	2,570	1,161	2,285
	(32,220)	(48,927)	(121,092)	(45,536)	(46,340)
Income (loss) before income taxes	78,088	97,480	(8,027)	52,268	(68,886)
Provision for (benefit from) income taxes	45,142	44,992	1,015	24,249	(27,554)
Income (loss) from continuing operations	$ 32,946	$ 52,488	$ (9,042)	$ 28,019	$ (41,332)
Income (loss) from continuing operations per common share	$ 0.24	$ 0.46	$ (0.09)	$ 0.29	$ (0.47)
Weighted average number of common and common equivalent shares outstanding	139,740	113,279	103,422	95,858	88,371
BALANCE SHEET DATA (AT END OF PERIOD):					
Working capital	$ 20,020	$ 30,109	$ 9,971	$ 45,805	$ 75,143
Intangible assets, net	517,399	262,205	185,066	152,370	104,471
Total assets	2,830,505	1,933,557	1,588,996	1,428,444	1,311,828
Long-term debt, including current maturities	1,187,000	731,741	688,673	650,331	614,684
Stockholders' equity	1,155,276	907,622	560,616	534,989	457,745

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion reviews the Company's operations for the three years ended December 31, 1996, and should be read in conjunction with the Company's consolidated financial statements and related notes thereto included elsewhere herein. The Company has restated its previously issued financial statements for years prior to 1996 to reflect the acquisitions of Western and Sanifill, consummated May 7, 1996 and August 30, 1996, respectively, and accounted for under the pooling of interests method of accounting.

The following discussion includes statements that are forward-looking in nature. Whether such statements ultimately prove to be accurate depends upon a variety of factors that may affect the business and operations of the Company. Certain of these factors are discussed under "Business - Factors Influencing Future Results and Accuracy of Forward-Looking Statements" included in Item 1 of this report.

INTRODUCTION

The Company provides non-hazardous solid waste management services, consisting of collection, transfer, disposal, recycling, and other miscellaneous services in 36 states, the District of Columbia, Canada, Mexico, and Puerto Rico. Since August 1990, the Company has experienced significant growth principally through the acquisition and integration of solid waste businesses and is now the third largest non-hazardous solid waste company in North America. As of December 31, 1996, the Company owned or operated 123 collection companies, 61 transfer stations, and 101 landfills serving more than 2 million customers.

The Company's revenues consist primarily of fees charged for its collection and disposal services. Revenues for collection services include fees from residential, commercial, industrial, and municipal collection customers. A portion of these fees are billed in advance; a liability for future service is recorded upon receipt of payment and revenues are recognized as services are provided. Fees for residential services are normally based on the type and frequency of service. Fees for commercial and industrial services are normally based on the type and frequency of service and the volume of solid waste collected.

The Company's revenues from its landfill operations consist of disposal fees (known as tipping fees) charged to third parties and are normally billed monthly. Tipping fees are based on the volume or weight of solid waste being disposed of at the Company's landfill sites. Fees are charged at transfer stations based on the volume or weight of solid waste deposited, taking into account the Company's cost of loading, transporting, and disposing of the solid waste at a landfill. Intercompany revenues between the Company's collection, transfer, and landfill operations have been eliminated in the consolidated financial statements presented elsewhere herein.

Operating expenses include direct and indirect labor and the related taxes and benefits, fuel, maintenance and repairs of equipment and facilities, tipping fees paid to third party landfills, property taxes, and accruals for future landfill closure and post-closure costs. Certain direct landfill development expenditures are capitalized and depreciated over the estimated useful life of a site as capacity is consumed, and include acquisition, engineering, upgrading, construction, and permitting costs. All indirect development expenses, such as administrative salaries and general corporate overhead, are expensed in the period incurred.

General and administrative costs include management salaries, clerical, and administrative costs, professional services, facility rentals, and related insurance costs, as well as costs related to the Company's marketing and sales force.

The following table presents, for the periods indicated, the period to period change in dollars (in thousands) and percent for the various Consolidated Statements of Operations line items.

	Period to Period Increase (Decrease)			
	For the Years Ended December 31, 1996 and 1995		For the Years Ended December 31, 1995 and 1994	
Operating revenues	$ 325,683	33.0%	$ 90,061	10.0%
Costs and expenses:				

Operating	153,612	27.9	31,050	6.0
General and administrative	20,488	14.6	1,232	0.9
Depreciation and amortization	33,598	28.1	6,710	5.9
Merger costs	95,017	370.6	21,857	577.9
Unusual items	59,067	1,248.0	(4,130)	(46.6)
	361,782	43.0	56,719	7.2
Income from operations	(36,099)	(24.7)	33,342	29.5
Other income (expense):				
Shareholder litigation settlement and other litigation related costs	--	--	79,400	100.0
Interest expense:				
Nonrecurring interest	10,994	100.0	(9,740)	(776.7)
Other	3,011	6.2	(880)	(1.8)
Interest income	(215)	(3.9)	812	17.4
Other income, net	2,917	56.7	2,573	100.1
	16,707	34.1	72,165	59.6
Income (loss) before income taxes	(19,392)	(19.9)	105,507	1,314.4
Provision for income taxes	150	0.3	43,977	4,332.7
Net income (loss)	$ (19,542)	(37.2)	$ 61,530	680.5

The following table presents, for the periods indicated, the percentage relationship that the various Consolidated Statements of Operations line items bear to operating revenues.

	Years Ended December 31,		
	1996	1995	1994
Operating revenues:			
Collection	52.6%	52.7%	52.6%
Transfer station	10.8	9.2	10.0
Disposal	29.0	29.4	28.4
Other	7.6	8.7	9.0
	100.0	100.0	100.0
Costs and expenses:			
Operating	53.7	55.8	58.0
General and administrative	12.2	14.2	15.5
Depreciation and amortization	11.7	12.1	12.6
Merger costs	9.2	2.6	0.4
Unusual items	4.8	0.5	1.0
	91.6	85.2	87.5
Income from operations	8.4	14.8	12.5
Other income (expense):			
Shareholder litigation settlement and other litigation related costs	--	--	(8.8)
Interest expense:			

Nonrecurring interest	--	(1.1)	(0.1)
Other	(3.5)	(4.9)	(5.3)
Interest income	0.4	0.6	0.5
Other income, net	0.6	0.5	0.2
	(2.5)	(4.9)	(13.5)
Income (loss) before income taxes	5.9	9.9	(1.0)
Provision for income taxes	3.4	4.6	0.1
Net income (loss)	2.5%	5.3%	(1.1)%

RESULTS OF OPERATIONS FOR THE THREE YEARS ENDED DECEMBER 31, 1996

Operating Revenues

Operating revenues increased $325,683,000, or 33.0%, in 1996 compared to 1995. This increase is primarily attributable to 1996 acquisitions and the full year effect of 1995 acquisitions which resulted in increased operating revenues of $262,974,000. Internal growth of comparable core businesses resulted in an increase in operating revenues of $80,054,000, representing a 2% price increase and 7% volume increase. These increases were partially offset by a decrease in operating revenues for non-core businesses of $10,049,000 and a decrease in operating revenues related to divestitures of $7,296,000.

Operating revenues increased $90,061,000, or 10.0%, in 1995 compared to 1994. The increase in operating revenues is primarily attributable to the effect of new acquisitions, net of dispositions, which resulted in an increase of $68,960,000. Comparable operations were negatively impacted by contract renegotiations and terminations in the New Jersey area in 1994, which resulted in a decrease in operating revenues of $39,210,000. The remainder of the increase in 1995 of $60,311,000 related to price and volume increases of 2% and 5%, respectively.

Operating Costs and Expenses

Operating costs and expenses increased $153,612,000, or 27.9%, in 1996 compared to 1995, however, have decreased as a percentage of operating revenues from 55.8% in 1995 to 53.7% in 1996. The net increase in operating costs and expenses is primarily attributable to the effect of new acquisitions, net of dispositions, which resulted in an increase of $217,426,000. This increase was offset by a decrease of $14,050,000 related to increased utilization of internal disposal capacity from 44% in 1995 to 48% in 1996, a decrease of $12,410,000 related to reduced operating costs and expenses for existing Chambers operations since the Company's merger with Chambers in June 1995, a decrease of $4,506,000 related to the Company's decision to discontinue certain non-core businesses, and a decrease of $32,848,000 related to improvements in comparable operations primarily as a result of operating synergies realized from tuck-in acquisitions and mergers with Sanifill and Western in August 1996 and May 1996, respectively. These decreases as well as the increase in operating revenues resulting from internal growth resulted in the decrease of operating costs and expenses as a percentage of operating revenues.

Operating costs and expenses increased $31,050,000, or 6.0%, in 1995 compared to 1994, however, decreased as a percentage of operating revenues from 58.0% in 1994 to 55.8% in 1995. The net increase in operating costs and expenses is primarily attributable to the effect of new acquisitions, net of dispositions, which resulted in an increase of $50,090,000. Operating costs and expenses for

comparable operations increased slightly by $2,460,000. These increases were offset by a decrease of $21,500,000 related to contract renegotiations and terminations in the New Jersey area in 1994. The increase in operating revenues from internal growth resulted in lower operating costs and expenses as a percentage of operating revenues.

General and Administrative

General and administrative expenses have increased $20,488,000, or 14.6%, in 1996 compared to 1995, and increased $1,232,000, or 0.9%, in 1995 compared to 1994. As a percentage of operating revenues, however, general and administrative expenses decreased from 15.5% in 1994 to 14.2% in 1995 to 12.2% in 1996. The decrease in general and administrative expenses as a percentage of operating revenues is primarily the result of the Company's ability to integrate new business acquisitions without a proportionate increase in general and administrative expenses as well as cost reductions resulting from mergers with Sanifill, Western, and Chambers in August 1996, May 1996, and June 1995, respectively.

Depreciation and Amortization

Depreciation and amortization increased $33,598,000, or 28.1%, in 1996 compared to 1995, and increased $6,710,000, or 5.9%, in 1995 compared to 1994. As a percentage of operating revenues, however, depreciation and amortization decreased from 12.6% in 1994 to 12.1% in 1995 to 11.7% in 1996. The increase in depreciation and amortization is primarily related to acquisitions and upgrades to existing operations. The decrease in depreciation and amortization as a percentage of operating revenues is the result of the Company's improved utilization of equipment through internal volume growth in the collection and disposal operations without a corresponding increase in equipment and facilities.

Merger Costs

In the third quarter of 1996, the Company recognized $82,556,000 of merger costs, of which approximately $80,000,000 related to the acquisition of Sanifill and the remainder related to the acquisition of two landfills and a collection company. The $80,000,000 of merger costs related to Sanifill includes $9,500,000 of transaction costs, $20,000,000 of relocation, severance, and other termination benefits, $13,000,000 of costs relating to integrating operations, and $37,500,000 of disposal

of duplicate facilities. In the second quarter of 1996, the Company incurred $35,000,000, $2,700,000, and $400,000 of merger costs related to the acquisitions of Western, Grand Central Sanitation, Inc., and a collection company, respectively. The $35,000,000 of merger costs related to Western include $6,800,000 of transaction costs, $15,000,000 of severance and other termination benefits, and $13,200,000 of costs related to integrating operations. In the second quarter of 1995, the Company incurred $25,073,000 of merger costs related to the Chambers acquisition, including $11,900,000 of transaction costs, $9,473,000 of severance and other termination benefits, and $3,700,000 of costs related to integrating operations. An additional $566,000 of merger costs was incurred in the second quarter of 1995 related to the acquisition of a collection, materials recovery, and transfer station operation.

Unusual Items

In the third quarter of 1996, the Company recognized unusual items of $50,848,000, including $28,900,000 of estimated losses related to the disposition of certain non-core business assets, $15,000,000 of project

reserves related to certain Mexico operations, and $6,948,000 of various other terminated projects. In the second quarter of 1996, unusual items include approximately $4,824,000 of retirement benefits associated with Western's pre-merger retirement plan and approximately $8,128,000 of estimated future losses related to municipal solid waste contracts in California as a result of the continuing decline in prices of recyclable materials. In 1995, unusual items represent $2,810,000 of severance and other termination benefits paid to former Chambers employees in connection with its pre-merger reorganization, $1,313,000 of estimated future losses associated with a New Jersey municipal solid waste contract, and $610,000 of shareholder litigation settlement costs.

Income from Operations

Income from operations decreased $36,099,000 in 1996 and increased $33,342,000 in 1995 compared to the respective prior years due to the reasons discussed above. In 1996, 1995, and 1994, the Company incurred certain nonrecurring items reported as unusual items and merger costs. Excluding these nonrecurring items, income from operations as a percentage of operating revenues would be 22.4%, 17.9%, and 14.0% in 1996, 1995, and 1994, respectively. The improvement in recurring operations is the result of economies of scale realized by the Company with respect to recent acquisitions, improved operating margins at Chambers locations since the Chambers merger, dispositions of less profitable businesses, and improvements in comparative operations.

Other Income and Expense

Other income and expense consists of interest expense, interest income, other income, and shareholder litigation settlement costs. Shareholder litigation costs were incurred in 1994 in connection with a settled class action of consolidated suits or similar claims alleging federal securities violations against Chambers, certain of its officers and directors, its former independent auditors, and the underwriters of its securities. Interest expense consists of recurring and nonrecurring interest. Nonrecurring interest of $10,994,000 and $1,254,000 in 1995 and 1994, respectively, consists of various extension fees and other charges related to the refinancing of Chambers senior notes in the second quarter of 1995. Overall, recurring interest expense, gross of amounts capitalized, increased each year due to an increase in the Company's average outstanding debt balance. Capitalized interest was $19,507,000, $12,459,000, and $9,828,000 in 1996, 1995, and 1994, respectively. The increase in capitalized interest is due to increased development activity incurred in connection with disposal sites. The increase in other income in 1996 primarily relates to a gain realized on the sale of certain nonhazardous oil field waste disposal operations in 1996.

Provision for Income Taxes

The Company recorded a provision for income taxes of $45,142,000, $44,992,000, and $1,015,000 in 1996, 1995, and 1994, respectively. The difference in provision for income taxes at the federal statutory rate and the reported amounts relate primarily to nondeductible merger costs and state and local income taxes.

Net Income (Loss)

For reasons discussed above, net income (loss) decreased $19,542,000 in 1996 and increased $61,530,000 in 1995 compared to the respective prior years.

Variation in 1996 Quarterly Results

The Company has grown significantly through acquisitions, including the consummation of two mergers in 1996 with other publicly owned entities as discussed in Note 2 to the consolidated financial statements included elsewhere herein. These mergers were accounted for as poolings of interests and, accordingly, operating results for periods prior to these mergers,

including quarterly results, have been restated. Moreover, the Company incurred nonrecurring charges related to these mergers of $35,000,000 in the second quarter and $80,000,000 in the third quarter. In addition, the Company recognized approximately $12,952,000 of unusual items in the second quarter and another $50,848,000 in the third quarter as detailed in Note 11 to the consolidated financial statements included elsewhere herein.

The merger costs and unusual items (and the results of the tax effects of such charges) have significantly affected the quarterly trend analysis of the Company's operating results for 1996. A comparison of the reported quarterly earnings (loss) per share for 1996 compared to pro forma earnings per share, which exclude such merger costs and unusual items and reflect income taxes at a 40% effective tax rate, are as follows:

	As Reported	Pro forma
First quarter	$0.21	$0.21
Second quarter	($0.01)	$0.28
Third quarter	($0.27)	$0.32
Fourth quarter	$0.32	$0.32

The Company's business strategy is to continue to grow through acquisitions. Consequently, future quarterly results could be impacted by additional merger costs and related expenses associated with such merger and acquisition activity.

Liquidity and Capital Resources

The Company operates in an industry that requires a high level of capital investment. The Company's capital requirements basically stem from (i) its working capital needs for its ongoing operations, (ii) capital expenditures for cell construction and expansion of its landfill sites, as well as new trucks and equipment for its collection operations, and (iii) business acquisitions. The Company's strategy is to meet these capital needs first from internally generated funds and secondly from various financing sources available to the Company, including the incurrence of debt and the issuance of its common stock. It is further part of the Company's strategy to minimize working capital while maintaining available commitments under bank credit agreements to fund any capital needs in excess of internally generated cash flow.

As of December 31, 1996, the Company had working capital of $20,020,000 (a ratio of current assets to current liabilities of 1.06:1) and a cash balance of $23,511,000, which compares to working capital of $30,109,000 (a ratio of current assets to current liabilities of 1.15:1) and a cash balance of $21,058,000 as of December 31, 1995. For the year ended December 31, 1996, net cash from operating activities was approximately $205,158,000 and net cash from financing activities was approximately $374,709,000. These funds were used primarily to fund investments in other businesses of $281,158,000 and for capital expenditures of approximately $348,354,000.

The Company's capital expenditure and working capital requirements have increased, reflecting the Company's business strategy of growth through acquisitions and development projects. The Company intends to finance its 1997 capital expenditures through internally generated cash flow and amounts available under its revolving credit facility.

On August 30, 1996, in connection with the Sanifill Merger, the Company replaced its $750,000,000 senior revolving credit facility with a $1,200,000,000 senior revolving credit facility ("Credit Facility") and retired amounts under Sanifill's credit facility. The Credit Facility was used to

refinance existing bank loans and letters of credit and to fund additional acquisitions and working capital. The Credit Facility was available for standby letters of credit of up to $400,000,000. Loans under the Credit Facility bore interest at a rate based on the Eurodollar rate plus a spread not to exceed 0.75% per annum (spread set at 0.30% per annum, or an applicable interest rate of 5.87% per annum at December 31, 1996). The Credit Facility required a facility fee not to exceed 0.375% per annum on the entire available Credit Facility (facility fee set at 0.15% per annum at December 31, 1996). The Credit Facility contained financial covenants with respect to interest rate coverage and debt capitalization ratios. The Credit Facility also contained limitations on dividends, additional indebtedness, liens, and asset sales. Principal reductions were not required over the five-year term of the Credit Facility. On March 5, 1997, the Credit Facility was replaced with a $1,600,000,000 senior revolving credit facility with the same general terms, covenants, and limitations, which is available for standby letters of credit of up to $500,000,000.

On February 7, 1997, the Company issued $535,275,000 of 4% convertible subordinated notes, due on February 1, 2002 ("Notes Offering"). Interest is payable semi-annually in February and August. The notes are convertible into shares of the Company's common stock at a conversion price of $43.56 per share. The notes are subordinated in right of payment to all

existing and future senior indebtedness, as defined. The notes are redeemable after February 1, 2000 at the option of the Company at 101.6% of the principal amount, declining to 100.8% of the principal amount on February 1, 2001 and thereafter until maturity, plus accrued interest. Deferred offering costs of approximately $14,000,000 were incurred and are being amortized ratably over the life of the notes. The proceeds were used to repay debt under the Company's Credit Facility and for general corporate purposes.

On February 7, 1997, concurrent with the Notes Offering, the Company completed a public offering of 11,500,000 shares of its common stock, priced at $35.125 per share. The net proceeds of approximately $387,438,000 were primarily used to repay debt under the Company's Credit Facility and for general corporate purposes.

On March 12, 1997, the Company acquired all of the Canadian solid waste subsidiaries of Allied Waste Industries, Inc., representing 41 collection businesses, seven landfills, and eight transfer stations in the provinces of Alberta, British Columbia, Manitoba, Ontario, Quebec, and Saskatchewan, for approximately $518,000,000 in cash. In connection with the transaction, the Company's Canadian subsidiary borrowed $350,000,000, as evidenced by a promissory note bearing interest at Banker's Acceptance plus 0.45%.

The Company currently intends to repay the $350,000,000 Canadian borrowings with proceeds from its domestic credit facility prior to June 30, 1997. Reducing the availability for this anticipated use, the Company has approximately $824,000,000 available for additional cash borrowings under its credit facility as of March 27, 1997.

On January 21, 1997, the Company executed a definitive agreement to acquire substantially all of the assets of Mid-American Waste Systems, Inc. ("Mid-American") for approximately $201,000,000, consisting primarily of cash and a limited amount of debt assumption. The assets to be acquired include eleven collection businesses, eleven landfills, six transfer stations, and three recycling centers. The acquisition has been approved by the Bankruptcy Court and is expected to close during the second quarter of 1996.

On March 21, 1997, a Canadian subsidiary of the Company and WMX Technologies, Inc.'s Waste Management unit ("WMX") jointly executed a letter of intent whereby

the Canadian subsidiary will acquire the majority of WMX's Canadian solid waste businesses for approximately $186,000,000, including $124,000,000 in cash and $62,000,000 in Company common stock. The assets to be acquired include 13 collection businesses, one landfill, and three transfer stations in the provinces of Alberta, British Columbia, Ontario, and Quebec, which generate approximately $124,000,000 in annualized operating revenues. The acquisition, which is expected to close by May 31, 1997, is subject to regulatory approval and final negotiation and execution of a definitive sales agreement.

The Company intends to fund the cash portions of the Mid-American and WMX Canadian acquisitions from its existing credit facility.

The Company's business plan is to grow through acquisitions as well as development projects. The Company has issued equity securities in business acquisitions and expects to do so in the future. Furthermore, the Company's future growth will depend greatly upon its ability to raise additional capital. The Company continually reviews various financing alternatives and depending upon market conditions could pursue the sale of debt and/or equity securities to help effectuate its business strategy. Management believes that it can arrange the necessary financing required to accomplish its business plan; however, to the extent the Company is not successful in its future financing strategies the Company's growth could be limited.

Environmental Matters

The Company also has material financial commitments for the costs associated with its future closure and post-closure obligations with respect to the landfills it operates or for which it is otherwise responsible. The Company bases accruals for these commitments on periodic management reviews, typically performed at least annually, based on input from its engineers and interpretations of current regulatory requirements and proposed regulatory changes. The accrual for closure and post-closure costs includes final capping and cover for the site, methane gas control, leachate management and ground water monitoring, and other operational and maintenance costs to be incurred after each site discontinues accepting waste.

The Company has estimated that the aggregate final closure and post-closure costs will be approximately $273,159,000. As of December 31, 1996 and 1995, the Company had recorded liabilities of $117,762,000 and $98,066,000, respectively, for closure and post-closure costs of disposal facilities. The difference between the closure and post-closure costs accrued at December 31, 1996, and the total estimated final closure and post-closure costs to be incurred will be accrued and charged to expense as airspace is consumed such that the total estimated final closure and post-closure to be incurred will be fully accrued for each landfill at the time the site stops accepting waste and is closed. The Company also expects to incur approximately $658,121,000 related to future capping activities during the remaining operating lives of the disposal sites, which are also being expensed over the useful lives of the disposal sites as airspace is consumed.

Management believes that the ultimate disposition of these environmental matters will not have a material, adverse effect on the financial condition of the Company. However, the Company's operation of landfills subjects it to certain operational, monitoring, site maintenance, closure and post-closure obligations that could give rise to increased costs for monitoring and corrective measures. The Company cannot predict the effect of any regulations or legislation enacted in the future on the Company's operations.

Seasonality and Inflation

The Company's operating revenues tend to be somewhat lower in the winter

months. This is generally reflected in the Company's first quarter operating results and may also be reflected in its fourth quarter operating results. This is primarily attributable to the fact that (i) the volume of waste relating to construction and demolition activities tends to increase in the spring and summer months and (ii) the volume of waste relating to industrial and residential waste in certain regions where the Company operates tends to decrease during the winter months.

The Company believes that inflation and changing prices have not had, and are not expected to have, any material adverse effect on the results of operations in the near future.

New Accounting Pronouncement

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings Per Share ("SFAS No. 128"). SFAS No. 128 specifies the computation, presentation, and disclosure requirements of earnings per share and supercedes Accounting Principles Board Opinion No. 15, Earnings Per Share. SFAS No. 128 requires a dual presentation of basic and diluted earnings per share. Basic earnings per share, which excludes the impact of common stock equivalents, replaces primary earnings per share. Diluted earnings per share, which utilizes the average market price per share as opposed to the greater of the average market price per share or ending market price per share when applying the treasury stock method in determining common stock equivalents, replaces fully-diluted earnings per share. SFAS No. 128 is effective for the Company in 1997. The following pro forma earnings (loss) per common share information assumes SFAS No. 128 was adopted in 1994 (in thousands, except per share amounts):

	1996	1995	1994
Reported:			
Earnings (loss) per common share	$ 0.24	$ 0.46	$ (0.09)
Weighted average number of common and common equivalent shares outstanding	139,740	113,279	103,422
Pro forma:			
Basic earnings (loss) per common share	$ 0.25	$ 0.48	$ (0.09)
Basic weighted average shares outstanding	133,892	109,623	100,296
Diluted earnings (loss) per common share	$ 0.24	$ 0.46	$ (0.09)
Diluted weighted average shares outstanding	139,740	113,279	103,422

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO
CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Financial Statements:

(2) Consolidated Financial Statement Schedules:

All financial statement schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors and Stockholders of USA Waste Services, Inc.:

We have audited the accompanying consolidated balance sheets of USA Waste Services, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of USA Waste Services, Inc. and subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Houston, Texas
March 21, 1997

USA WASTE SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share and Par Value Amounts)

	December 31, 1996	December 31, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,511	$ 21,058
Accounts receivable, net of allowance for doubtful accounts of $14,426 and $7,730, respectively	210,038	136,247
Notes and other receivables	25,579	15,704
Deferred income taxes	39,714	20,101
Prepaid expenses and other	41,139	33,026
Total current assets	339,981	226,136
Notes and other receivables	49,059	19,907
Property and equipment, net	1,810,251	1,319,199
Excess of cost over net assets of acquired businesses, net	433,913	206,638
Other intangible assets, net	83,486	55,567
Deferred income taxes	--	19,023
Other assets	113,815	87,087
Total assets	$ 2,830,505	$ 1,933,557
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 94,900	$ 64,437
Accrued liabilities	172,916	67,198
Deferred revenues	23,450	10,876
Current maturities of long-term debt	28,695	53,516
Total current liabilities	319,961	196,027
Long-term debt, less current maturities	1,158,305	678,225
Deferred income taxes	8,786	--
Closure, post-closure, and other liabilities	188,177	151,683
Total liabilities	1,675,229	1,025,935
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $1.00 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, $.01 par value; 300,000,000 shares authorized; 139,609,250 and 124,019,297 shares issued, respectively	1,396	1,240
Additional paid-in capital	1,255,856	1,041,573
Accumulated deficit	(85,649)	(118,595)
Foreign currency translation adjustment	(15,843)	(14,777)
Less treasury stock at cost, 23,485 and 138,810 shares, respectively	(484)	(1,819)
Total stockholders' equity	1,155,276	907,622
Total liabilities and stockholders' equity	$ 2,830,505	$ 1,933,557

The accompanying notes are an integral part of these consolidated financial statements.

USA WASTE SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Years Ended December 31,		
	1996	1995	1994
Operating revenues	$ 1,313,388	$ 987,705	$ 897,644
Costs and expenses:			
Operating	704,917	551,305	520,255
General and administrative	160,539	140,051	138,819
Depreciation and amortization	153,168	119,570	112,860
Merger costs	120,656	25,639	3,782
Unusual items	63,800	4,733	8,863
	1,203,080	841,298	784,579
Income from operations	110,308	146,407	113,065
Other income (expense):			
Shareholder litigation settlement and other litigation related costs	--	--	(79,400)
Interest expense:			
Nonrecurring interest	--	(10,994)	(1,254)
Other	(45,547)	(48,558)	(47,678)
Interest income	5,267	5,482	4,670
Other income, net	8,060	5,143	2,570
	(32,220)	(48,927)	(121,092)
Income (loss) before income taxes	78,088	97,480	(8,027)
Provision for income taxes	45,142	44,992	1,015
Net income (loss)	32,946	52,488	(9,042)
Preferred dividends	--	--	565
Income (loss) available to common stockholders	$ 32,946	$ 52,488	$ (9,607)
Earnings (loss) per common share	$ 0.24	$ 0.46	$ (0.09)
Weighted average number of common and common equivalent shares outstanding	139,740	113,279	103,422

The accompanying notes are an integral part of these consolidated financial statements.

USA WASTE SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Foreign Currency Translation Adjustment	Treasury Stock
Balance, January 1, 1994	$ 14	$ 965	$ 688,199	$ (151,331)	$ --	$ (2,858)
Common stock options exercised	--	3	3,486	--	--	--
Common stock warrants exercised	--	3	148	--	--	--
Common stock issued to qualified defined contribution plan	--	8	5,277	--	--	--
Common stock issued in acquisitions	--	26	27,799	--	--	--
Common stock issued from treasury upon exercise of stock options	--	--	(597)	--	--	897
Common stock issued for preferred stock dividends	--	1	1,390	(565)	--	--
Conversion of preferred stock into common stock	(14)	19	(5)	--	--	--
Adjustment for contingent consideration under guaranteed value commitments	--	--	3,703	--	--	--
Foreign currency translation adjustment	--	--	--	--	(7,354)	--
Other	--	2	442	--	--	--
Net loss	--	--	--	(9,042)	--	--
Balance, December 31, 1994	--	1,027	729,842	(160,938)	(7,354)	(1,961)
Common stock options exercised	--	3	2,822	--	--	--
Common stock warrants exercised	--	9	3,692	--	--	--
Common stock issued to qualified defined contribution plan	--	4	3,529	--	--	--
Common stock issued in acquisitions and development projects	--	71	80,001	--	--	--
Common stock issued from treasury upon exercise of stock options	--	--	(89)	--	--	142
Common stock issued for conversion of subordinated debentures	--	37	46,704	--	--	--
Common stock issued in public offerings	--	99	180,513	--	--	--
Elimination of investment in Western common stock	--	(10)	(11,358)	--	--	--
Change in Western fiscal year	--	--	--	(8,865)	--	--
Adjustment for contingent consideration under guaranteed value commitments	--	--	5,340	--	--	--
Foreign currency translation adjustment	--	--	--	--	(7,423)	--
Transactions of pooled companies	--	--	--	(1,280)	--	--
Other	--	--	577	--	--	--
Net income	--	--	--	52,488	--	--
Balance, December 31, 1995	$ --	$ 1,240	$ 1,041,573	$ (118,595)	$ (14,777)	$ (1,819)

Continued

USA WASTE SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, continued
(In Thousands)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Foreign Currency Translation Adjustment	Treasury Stock
Balance, December 31, 1995	$ --	$ 1,240	$ 1,041,573	$ (118,595)	$ (14,777)	$ (1,819)
Common stock options exercised	--	20	21,654	--	--	--
Common stock warrants exercised	--	5	3,700	--	--	--
Common stock issued to qualified defined contribution plan	--	3	473	--	--	--
Common stock issued in purchase acquisitions and development projects	--	47	118,263	--	--	--
Common stock issued for acquisitions accounted for as poolings of interests	--	42	6,302	--	--	--
Common stock returned for acquisition settlement	--	--	--	--	--	(751)
Common stock issued for investment in company	--	4	1,588	--	--	--
Common stock issued from treasury upon exercise of stock options	--	--	(481)	--	--	1,698
Common stock issued from treasury upon exercise of stock warrants	--	--	(119)	--	--	388

Common stock issued for conversion of subordinated debentures	--	35	59,590	--	--	--
Restricted common stock, net of forfeitures	--	--	2,204	--	--	--
Foreign currency translation adjustment	--	--	--	--	(1,066)	--
Other	--	--	1,109	--	--	--
Net income	--	--	--	32,946	--	--
Balance, December 31, 1996	$ --	$ 1,396	1,255,856	(85,649)	(15,843)	(484)

The accompanying notes are an integral part of these consolidated financial statements.

USA WASTE SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Years Ended December 31,		
	1996	1995	1994
Cash flows from operating activities:			
Net income (loss)	$ 32,946	$ 52,488	$ (9,042)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	153,168	119,570	112,860
Deferred income taxes	2,903	12,358	(26,039)
Net gain on disposal of property and equipment	(5,110)	(1,259)	(1,172)
Effect of nonrecurring charges	61,144	--	--
Change in assets and liabilities, net of effects of acquisitions and divestitures:			
Accounts receivable and other receivables	(76,371)	(11,833)	(19,575)
Prepaid expenses and other	(5,388)	(2,199)	(1,090)
Other assets	8,697	(3,532)	(5,989)
Accounts payable and accrued liabilities	61,154	(10,761)	8,600
Accrued shareholder litigation settlement	--	(85,300)	85,300
Deferred revenues and other liabilities	(26,804)	4,543	7,207
Other, net	(1,181)	(1,773)	(23)
Net cash provided by operating activities	205,158	72,302	151,037
Cash flows from investing activities:			
Capital expenditures	(348,354)	(229,497)	(186,979)
Acquisitions of businesses, net of cash acquired	(281,158)	(89,968)	(40,480)
Proceeds from sale of property and equipment	77,223	9,701	19,860
Loans and advances to others	(18,399)	(19,660)	(7,504)
Collection of loans and advances to others	15,010	4,880	1,785
Change in restricted funds	(21,851)	7,388	11,354
Proceeds from sale of investments	--	1,200	1,200
Other	--	(612)	(590)
Net cash used in investing activities	(577,529)	(316,568)	(201,354)

continued

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USA WASTE SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS, continued
(In Thousands)

	Years Ended December 31,		
	1996	1995	1994
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	$ 1,263,880	$ 503,123	$ 149,644
Principal payments on long-term debt	(913,767)	(454,893)	(131,567)
Net proceeds from issuance of common stock	--	185,927	7,241
Proceeds from exercise of common stock options	22,891	1,964	492
Proceeds from exercise of common stock warrants	3,974	3,701	151
Elimination of investment in Western	--	(12,569)	--
Other	(2,269)	(1,718)	(1,481)
Net cash provided by financing activities	374,709	225,535	24,480
Effect of exchange rate changes on cash and cash equivalents	115	(178)	(84)
Increase (decrease) in cash and cash equivalents	2,453	(18,909)	(25,921)
Cash and cash equivalents at beginning of year	21,058	39,967	65,888
Cash and cash equivalents at end of year	$ 23,511	$ 21,058	$ 39,967
Supplemental cash flow information:			
Cash paid during the year for:			
Interest	$ 62,223	$ 59,206	$ 48,030
Income taxes	27,374	41,210	26,294
Non-cash investing and financing activities:			
Acquisitions of property and equipment through capital leases	$ --	$ 7,600	$ 6,808
Note receivable from sale of property and equipment	27,800	--	--
Conversion of subordinated debentures to common stock	60,000	49,000	--
Issuance of common stock for preferred stock dividends	--	--	1,390
Acquisitions of businesses and development projects:			
Liabilities incurred or assumed	326,493	25,332	11,028
Common stock issued	124,655	71,243	27,825

The accompanying notes are an integral part of these consolidated financial statements.

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USA WASTE SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business -- USA Waste Services, Inc. and subsidiaries (the "Company") is engaged in the non-hazardous solid waste management business and provides solid waste management services, consisting of collection, transfer, disposal, recycling, and other miscellaneous services to municipal, commercial, industrial, and residential customers. The Company conducts operations through subsidiaries in multiple locations throughout the United States, primarily, and in Canada, Puerto Rico, and Mexico.

Principles of consolidation -- The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries after elimination of all material intercompany balances and transactions. Investments in affiliated companies in which the Company owns 50% or less are accounted for under the equity method or cost method of accounting, as appropriate.

Use of estimates -- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents -- Cash and cash equivalents consist primarily of cash on deposit, certificates of deposit, money market accounts, and investment grade commercial paper purchased with original maturities of three months or less.

Restricted funds held by trustees -- Restricted funds held by trustees of $49,618,000 and $31,716,000 at December 31, 1996 and 1995, respectively, are included in other assets and consist principally of funds deposited in connection with landfill closure and post-closure obligations, insurance escrow deposits, and amounts held for landfill construction arising from industrial revenue financings. Amounts are principally invested in fixed income securities of federal, state, and local governmental entities and financial institutions. The Company considers its landfill closure, post- closure, and construction escrow investments to be held to maturity. At December 31, 1996, the aggregate fair value of these investments approximates their amortized costs and substantially all of these investments mature within one year. The Company's insurance escrow funds are invested in pooled investment accounts that hold debt and equity securities and are considered to be available for sale. The market value of those pooled accounts approximates their aggregate cost at December 31, 1996.

Concentrations of credit risk -- Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments and accounts receivable. The Company places its cash investments with high quality financial institutions and limits the amount of credit exposure to any one institution. Concentrations of credit risk with respect to accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. No single group or customer represents greater than 10% of total accounts receivable. The Company controls credit risk through credit approvals, credit limits, and monitoring procedures. The Company performs in-depth credit evaluations for commercial and industrial customers and performs ongoing credit evaluations of its customers' financial condition but generally does not require collateral to support accounts receivable. The Company maintains an allowance for doubtful accounts for potential credit losses.

Interest rate swap agreements -- The Company uses interest rate swap agreements to minimize the impact of interest rate fluctuations on floating interest rate long-term borrowings. The differential paid or received on interest rate swap agreements is recognized as an adjustment to interest expense.

Property and equipment -- Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in results of operations. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives are five to thirty-five years for buildings and improvements, three to twelve years for vehicles and machinery and equipment, three to twelve years for containers, and three to ten years for furniture and fixtures.

Disposal sites are stated at cost and amortized ratably using the units-of-production method as airspace is consumed. Disposal site costs include expenditures for acquisitions of land and related airspace, engineering and permitting costs, direct site improvement costs, and capitalized interest. During the years ended December 31, 1996, 1995, and 1994, interest costs were $65,054,000, $72,011,000, and $58,760,000, respectively, of which $19,507,000, $12,459,000, and $9,828,000 were capitalized, respectively, with respect to landfills and facilities under construction.

Excess of cost over net assets of acquired businesses -- The excess of cost over net assets of acquired businesses is amortized on a straight-line basis over 40 years commencing on the dates of the respective acquisitions. Accumulated amortization was $27,429,000 and $19,619,000 at December 31, 1996 and 1995, respectively.

Accounting for business combinations -- The Company assesses each acquisition to determine whether the pooling of interests or the purchase method of accounting is appropriate. For those acquisitions accounted for under the pooling of interests method, the financial statements of the acquired company are combined with those of the Company at their historical amounts, and, if material, all periods presented are restated as if the combination occurred on the first day of the earliest year presented. For those acquisitions accounted for using the purchase method of accounting, the Company allocates the cost of the acquired business to the assets acquired and the liabilities assumed based on estimates of fair values thereof. These estimates are revised during the allocation period as necessary when information regarding contingencies becomes available to define and quantify assets acquired and liabilities assumed. The allocation period varies for each acquisition, but generally does not exceed one year. To the extent contingencies such as preacquisition environmental matters, litigation and related legal fees, and preacquisition tax matters are resolved or settled during the allocation period, such items are included in the revised allocation of the purchase price. After the allocation period, the effect of changes in such contingencies is included in results of operations in the periods in which the adjustments are determined.

Other intangible assets -- Other intangible assets consist primarily of customer lists, covenants not to compete, licenses, permits, and start-up costs. Other intangible assets are recorded at cost and amortized on a straight-line basis over three to forty years. Accumulated amortization was $66,057,000 and $55,762,000 at December 31, 1996 and 1995, respectively.

Long-lived assets -- Long-lived assets consist primarily of excess of cost over net assets of acquired businesses and disposal sites. The recoverability of long-lived assets is evaluated at the operating unit level by an analysis of operating results and consideration of other significant events or changes in the business environment. If an operating unit has current operating losses and based upon projections there is a likelihood that such operating losses will continue, the Company will evaluate whether impairment exists on the basis of undiscounted expected future cash flows from operations before interest for the remaining amortization period. If impairment exists, the carrying amount of the long-lived assets is reduced to its estimated fair value.

Closure, post-closure, and other liabilities -- The Company has material financial commitments for the costs associated with its future obligations for final closure and post-closure of landfills it operates or for which it is otherwise responsible. While the precise amount of these future costs cannot be determined with certainty, the Company has estimated that the aggregate final closure and post-closure costs for all sites owned or operated as of December 31, 1996 will be approximately $273,159,000. As of December 31, 1996 and 1995, the Company has accrued $117,762,000 and $98,066,000, respectively, for final closure and post-closure costs of disposal facilities. The difference between the final closure and post-closure costs accrued as of December 31, 1996 and the total estimated final closure and post-closure costs to be incurred will be accrued and charged to expense as airspace is consumed such that the total estimated final closure and post-closure costs will be fully accrued for each landfill at the time the site discontinues accepting waste and is closed. The Company also expects to incur an estimated $658,121,000 related to future

capping activities during the remaining operating lives of these disposal sites. These costs are also being charged to expense over the useful lives of the disposal sites as airspace is consumed.

The Company bases its estimates for these accruals on management's reviews, typically performed not less than annually, including input from its engineers and accountants and interpretations of current requirements and proposed regulatory changes. The closure and post-closure requirements are established under the standards of the U.S. Environmental Protection Agency's Subtitle D regulations as implemented and applied on a state-by-state basis. Final closure and post-closure accruals consider estimates for the final cap and cover for the site, methane gas control, leachate management and groundwater monitoring, and other operational and maintenance costs to be incurred after the site discontinues accepting waste, which is generally expected to be for a period of up to thirty years after final site closure. For disposal sites that were previously operated by others, the Company assessed and recorded a final closure and post-closure liability at the time the Company assumed closure responsibility based upon the estimated total closure and post-closure costs and the percentage of airspace utilized as of such date. Thereafter, the difference between the final closure and post-closure costs accrued and the total estimated closure and post-closure costs to be incurred is accrued and charged to expense as airspace is consumed.

Income taxes -- Deferred income taxes are determined based on the difference between the financial reporting and tax bases of assets and liabilities. Deferred income tax expense represents the change during the period in the deferred income tax assets and deferred income tax liabilities. Deferred tax assets include tax loss and credit carryforwards and are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Foreign currency translation -- The functional currency of the Company's international operations is the local currency. Adjustments resulting from the translation of financial information are reflected as a separate component of stockholders' equity.

Revenue recognition -- The Company recognizes revenues as services are provided. Amounts billed and collected prior to services being performed are included in deferred revenues.

Earnings per common share -- Earnings per common share computations are based on the weighted average number of shares of common stock outstanding and the dilutive effect of stock options and warrants using the treasury stock method.

Reclassifications -- Certain previously reported amounts have been reclassified to conform to the 1996 presentation.

New accounting pronouncement -- In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings Per Share ("SFAS No. 128"). SFAS No. 128 specifies the computation, presentation, and disclosure requirements of earnings per share and supercedes Accounting Principles Board Opinion No. 15, Earnings Per Share. SFAS No. 128 requires a dual presentation of basic and diluted earnings per share. Basic earnings per share, which excludes the impact of common stock equivalents, replaces primary earnings per share. Diluted earnings per share, which utilizes the average market price per share as opposed to the greater of the average market price per share or ending market price per share when applying the treasury stock method in determining common stock equivalents, replaces fully-diluted earnings per share. SFAS No. 128 is effective for the Company in 1997. The following pro forma earnings per common share information assumes SFAS No. 128 was adopted in 1994 (in thousands, except per share amounts):

	1996	1995	1994
Basic earnings per common share	$ 0.25	$ 0.48	$ (0.09)
Basic weighted average shares outstanding	133,892	109,623	100,296
Diluted earnings per common share	$ 0.24	$ 0.46	$ (0.09)
Diluted weighted average shares outstanding	139,740	113,279	103,422

2. BUSINESS COMBINATIONS

1996 Pooling of Interests Acquisitions

On August 30, 1996, the Company consummated a merger agreement with Sanifill, Inc. ("Sanifill") accounted for as a pooling of interests (the "Sanifill Merger") and, accordingly, the accompanying consolidated financial statements have been restated to include the accounts and operations of Sanifill for all periods presented. Under the terms of the Sanifill Merger, the Company issued 1.70 shares of its common stock for each share of Sanifill outstanding common stock. The Sanifill Merger increased the Company's outstanding shares of common stock by approximately 43,414,000 shares and the Company assumed Sanifill's options and warrants equivalent to approximately 4,361,000 underlying shares of Company common stock. In the third quarter of 1996, the Company incurred approximately $80,000,000 in merger related costs associated with the Sanifill Merger, of which approximately $24,280,000 is remaining in accrued liabilities at December 31, 1996. The $80,000,000 of merger costs includes $9,500,000 of transaction costs, $20,000,000 of relocation, severance, and other termination benefits, $13,000,000 of costs relating to integrating operations, and $37,500,000 of disposal of duplicate facilities. The results of operations for Sanifill prior to consummation of the merger for the restated periods are as follows (in thousands):

	Six Months Ended June 30, 1996	Years Ended December 31,	
	(unaudited)	1995	1994
Operating revenues	$ 181,406	$ 256,705	$ 192,479
Net income	18,964	27,913	19,233

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On May 15, 1996, the Company consummated a merger agreement with Grand Central Sanitation, Inc. and related companies ("Grand Central"), accounted for as a pooling of interests, pursuant to which the Company issued 2,067,605 shares of its common stock in exchange for all outstanding shares of Grand Central. The Company has restated its previously issued consolidated financial statements for the three months ended March 31, 1996 to include the accounts and operations of Grand Central, which had operating revenues and net income of $8,455,000 and $1,538,000, respectively, during that period. Periods prior to 1996 were not restated as combined results are not materially different from results as presented. Related to this merger, the Company incurred $2,700,000 of merger costs in the second quarter of 1996.

On May 7, 1996, the Company consummated a merger agreement with Western Waste Industries ("Western") accounted for as a pooling of interests (the "Western Merger") and, accordingly, the accompanying consolidated financial statements have been restated to include the accounts and operations of Western for all periods presented. Under the terms of the Western Merger, the Company issued 1.50 shares of its common stock for each share of Western outstanding common stock. Prior to the Western Merger, the Company owned approximately 4.1% of Western's outstanding shares (634,900 common shares), which were canceled on the Western Merger's effective date. The Western Merger increased the Company's outstanding shares of common stock by approximately 22,028,000 shares and the Company assumed options under Western's stock option plans equivalent to approximately 5,200,000 underlying Company shares of common stock. In the second quarter of 1996, the Company incurred approximately $35,000,000 in merger related costs associated with the Western Merger and approximately $4,800,000 in benefits related to Western's pre-merger retirement program. The $35,000,000 of merger costs include $6,800,000 of transaction costs, $15,000,000 of severance and other termination benefits, and $13,200,000 of costs related to integrating operations.

In connection with the Western Merger, Western changed its fiscal year end from June 30 to December 31 to conform with the Company's year end. Western's operating results for the six months ended June 30, 1995, were included in the consolidated statements of operations for both of the years ended December 31, 1995 and 1994. The following is a consolidated summary of operations for Western for the six months ended June 30, 1995 (in thousands):

Operating revenues	$136,123
Net income	8,865

The consolidated financial statements for 1994 have not been restated for the change in Western's fiscal year. The consolidated financial statements for 1994 include Western for the year ended June 30, 1995. The results of operations for Western prior to consummation of the merger for the restated periods are as follows (in thousands):

	Three Months Ended March 31, 1996	Years Ended December 31,	
	(unaudited)	1995	1994
Operating revenues	$68,441	$273,901	$270,941
Net income	4,703	17,021	17,089

On May 31, 1996, July 19, 1996, and August 30, 1996, the Company consummated mergers accounted for as poolings of interests, pursuant to which the Company issued 900,001, 475,330, and 648,318 shares of its common stock, respectively, in exchange for all outstanding shares of the acquired companies. Periods prior to consummation of the mergers were not restated to include the accounts and operations of the acquired companies as combined results are not materially different from the results as presented.

On June 30, 1995, the Company consummated a merger agreement with Chambers Development Company, Inc. ("Chambers") accounted for as a pooling of interests and, accordingly, the accompanying consolidated financial statements have been restated to include the accounts and operations of Chambers for all periods presented. Under the terms of the merger agreement, approximately 27,800,000 shares of the Company's common stock were issued in exchange for all outstanding shares of Chambers common stock and Class A common stock. Related to this merger, the Company incurred $25,073,000 in merger costs in the second quarter of 1995, which includes $11,900,000 of transaction costs, $9,473,000 of severance and other termination benefits, and $3,700,000 of costs related to integrating operations. The results of operations for Chambers prior to consummation of the merger for the restated periods are as follows (in thousands):

	Three Months Ended March 31, 1995 (unaudited)	Year Ended December 31, 1994
Operating revenues	$54,734	$257,989
Net loss	(5,269)	(90,244)

On May 31, 1995, the Company consummated a merger agreement with Metropolitan Disposal and Recycling Corporation, Energy Reclamation, Inc., and EE Equipment, Inc. (collectively "MDC") accounted for as a pooling of interests and, accordingly, the accompanying consolidated financial statements have been restated to include the accounts and operations of MDC for all periods presented. Under the terms of the merger agreement, approximately 1,900,000 shares of the Company's common stock were issued in exchange for all outstanding shares of MDC common stock. Related to this merger, the Company incurred $566,000 in merger costs in the second quarter of 1995. The results of operations for MDC prior to consummation of the merger for the restated periods are as follows (in thousands):

	Three Months Ended March 31, 1995 (unaudited)	Year Ended December 31, 1994
Operating revenues	$5,256	$19,654
Net income	458	401

On August 11, 1995 and November 13, 1995, the Company consummated mergers accounted for as poolings of interests, pursuant to which the Company issued 800,000 and 1,787,502 shares of its common stock, respectively, in exchange for all outstanding shares of the acquired companies. Periods prior to consummation of these mergers were not restated to include the accounts and operations of the acquired companies as combined results are not materially different from the results as presented.

1994 Pooling of Interests Acquisition

On May 27, 1994, the Company consummated a merger agreement with Envirofil, Inc. ("Envirofil") accounted for as a pooling of interests and, accordingly, the accompanying consolidated financial statements have been restated to include the accounts and operations of Envirofil for all periods presented. Under the terms of the merger agreement, approximately 9,700,000 shares of the Company's common stock were issued in exchange for all outstanding shares of

Envirofil common stock. Related to this acquisition, the Company incurred $3,782,000 in merger costs in the second quarter of 1994.

1996 and 1995 Purchase Acquisitions

During 1996 and 1995, the Company consummated several acquisitions that were accounted for under the purchase method of accounting. Results of operations of companies that were acquired and subject to purchase accounting are included from the dates of such acquisitions. The total costs of acquisitions accounted for under the purchase method were $480,805,000 and $167,095,000 in 1996 and 1995, respectively. The excess of the aggregate purchase price over the fair value of net assets acquired in 1996 and 1995 was approximately $229,074,000 and $70,751,000, respectively.

In addition, the Company has agreed in connection with certain transactions, to pay additional amounts to the sellers upon the achievement by the acquired businesses of certain negotiated goals, such as targeted revenue levels, targeted disposal volumes, or the issuance of permits for expanded landfill airspace. Although the amount and timing of any payments of additional contingent consideration necessarily depend on whether and when these goals are met, the maximum aggregate amount of contingent consideration potentially payable if all payment goals are met is $72,075,000, of which $19,075,000

relates to revenue and volume targets and $53,000,000 relates to permit expansions. The contingent consideration is payable in cash or, in some instances, in cash or stock, at the Company's option. In addition, the Company has agreed in connection with certain acquisitions to provide royalties based on revenues generated at the applicable disposal site to sellers of waste disposal businesses. The foregoing quantification of contingent consideration does not include such royalty payments.

The unaudited pro forma information set forth below assumes 1996 and 1995 acquisitions accounted for as purchases occurred at the beginning of 1995. The unaudited pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated at that time (in thousands, except per share amounts):

	Years Ended December 31,	
	1996	1995
Operating revenues	$1,469,136	$1,378,099
Net income	49,174	82,326
Earnings per common share	0.35	0.68

3. DIVESTITURES

In August 1996, the Company sold its five nonhazardous oil field waste transfer stations and, in December 1996, the Company sold its six nonhazardous oil field waste treatment facilities. Total consideration for the combined sale of the nonhazardous oil field waste business consisted of $70,500,000 in cash, $27,800,000 in the form of a five year note bearing interest at a rate of 7.5%, and 2,000 warrants for the purchase of the buyer's stock. These transactions resulted in a gain of $22,080,000, of which $18,280,000 is to be recognized over the term of the note receivable. At December 31, 1996, the deferred gain

and note receivable were approximately $17,400,000 and $26,410,000, respectively.

On December 31, 1993, Chambers sold its two transfer stations in Morris County, New Jersey, to the Morris County Municipal Utilities Authority ("MCMUA") for $9,500,000 in cash, which resulted in a deferred gain of $3,950,000. Simultaneous with entering into the agreement for the sale of these transfer stations, Chambers and the MCMUA amended their operating and disposal service agreement, pursuant to which Chambers operates the transfer stations and provides waste disposal services, reducing the rates charged for such services in 1994 and 1995. As a result of the interrelationship of the sale of the transfer stations and the operating and disposal service agreement, the gain on sale was deferred and recognized in 1994 as services were provided. As part of the agreement of sale, the Company has continued to operate the transfer stations and provide waste disposal services.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	December 31,	
	1996	1995
Disposal sites, including costs incurred for expansion projects in process of $47,260 and $70,954, respectively	$ 1,450,398	$ 1,020,388
Vehicles	327,605	220,754
Machinery and equipment	143,034	153,703
Containers	175,482	133,994
Buildings and improvements	142,460	108,081
Furniture and fixtures	35,597	29,261
Land	108,562	93,866
	2,383,138	1,760,047
Less accumulated depreciation and amortization	(572,887)	(440,848)
	$ 1,810,251	$ 1,319,199

Depreciation and amortization of property and equipment was $133,763,000, $101,826,000, and $93,678,000 for the years ended December 31, 1996, 1995, and 1994, respectively.

5. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	December 31,	
	1996	1995
Credit facility:		
Revolving credit facility	$ 637,000	$ 51,613
Term loan facility	--	215,835
Sanifill credit facility	--	58,000
Western credit facility	--	41,000
Senior notes, maturing in varying annual installments through June 2005, interest ranging from 7.29% to 8.44%	107,500	109,416
Convertible subordinated debentures, interest at 5%	115,000	--
Convertible subordinated debentures, interest at 7 1/2%	--	58,213
Subordinated debt, maturing in varying monthly installments		

through January 2008, interest ranging from 7.25% to 10%	5,589	7,493
Industrial revenue bonds, principal payable in annual installments, maturing in 1996-2009, variable interest rates (3.76% to 3.92% at December 31, 1996), enhanced by letters of credit	164,639	130,374
Other	157,272	59,797
	1,187,000	731,741
Less current maturities	28,695	53,516
	$1,158,305	$ 678,225

The aggregate estimated payments, including scheduled minimum maturities, of long-term obligations outstanding at December 31, 1996 for the five years ending December 31, 1997 through 2001 are: 1997 -- $28,695; 1998 -- $28,393; 1999 - - $143,725; 2000 -- $34,537; and 2001 -- $752,223.

On May 7, 1996, in connection with the Western Merger, the Company replaced its existing credit facility with a $750,000,000 senior revolving credit facility and retired amounts outstanding under Western's credit facility. The credit facility was used to refinance existing bank loans and letters of credit, to fund additional acquisitions, and for working capital. The credit facility was available for standby letters of credit of up to $300,000,000. Loans under the credit facility bore interest at a rate based on the Eurodollar rate plus a spread not to exceed 0.75% per annum (spread initially set at 0.405% per annum). The credit facility required a facility fee not to exceed 0.375% per annum on the entire available credit facility (facility fee initially set at 0.22% per annum).

On August 30, 1996, in connection with the Sanifill Merger, the Company replaced the $750,000,000 senior revolving credit facility with a $1,200,000,000 senior revolving credit facility ("Credit Facility") and retired amounts under Sanifill's credit facility. The Credit Facility was used to refinance existing bank loans and letters of credit and to fund additional acquisitions and working capital. The Credit Facility was available for standby letters of credit of up to $400,000,000. Loans under the Credit Facility bore interest at a rate based on the Eurodollar rate plus a spread not to exceed 0.75% per annum (spread set at 0.30% per annum, or an applicable interest rate of 5.87% per annum at December 31, 1996). The Credit Facility required a facility fee not to exceed 0.375% per annum on the entire available Credit Facility (facility fee set at 0.15% per annum at December 31, 1996). The Credit Facility contained financial covenants with respect to interest coverage and debt capitalization ratios. The Credit Facility also contained limitations on dividends, additional indebtedness, liens, and asset sales. Principal reductions were not required during the five-year term of the Credit Facility. On March 5, 1997, the Credit Facility was replaced with a $1,600,000,000 senior revolving credit facility with the same general terms, covenants, and limitations, which is available for standby letters of credit of up to $500,000,000.

On March 4, 1996, Sanifill issued $115,000,000 of 5% convertible subordinated debentures, due on March 1, 2006. Interest is payable semi-annually in March and September. The debentures are convertible into shares of the Company's common stock at a conversion price of $28.31 per share. The debentures are subordinated in right of payment to all existing and future senior indebtedness, as defined. The debentures are redeemable after March 15, 1999 at the option of the Company at 102.5% of the principal amount, declining annually to par on March 1, 2002, plus accrued interest. Deferred offering costs of approximately $2,900,000 were incurred and are being amortized ratably over the life of the debentures. The proceeds were used to repay debt under Sanifill's credit facility.

In May 1991, Sanifill issued $60,000,000 of 7 1/2% convertible subordinated debentures due on June 1, 2006. Interest was payable semiannually in June and December. The debentures were convertible into shares of the Company's common stock

at a conversion price of $16.95 per share. The debentures were subordinated in right of payment to all existing and future senior indebtedness, as defined. The debentures were redeemable after June 1, 1994 at the option of the Company at 105.25% of the principal amount, declining annually to par on June 1, 2001, plus accrued interest. Deferred offering costs of approximately $2,600,000 were incurred and were being amortized ratably over the life of the debentures. On March 18, 1996, Sanifill called for redemption all of its $60,000,000 of 7 1/2% convertible subordinated debentures due June 1, 2006 at redemption price of 104.5% of their face amount plus accrued interest from December 1, 1995 to, and including, the redemption date of April 17, 1996. Alternatively, holders of these debentures were allowed to convert their debentures into common stock at any time prior to the close of business on April 10, 1996, at a conversion price equal to $16.95 per share. Holders electing to convert received 34.7 shares of Sanifill's common stock for each $1,000 principal amount of debentures surrendered. The $60,000,000 of debentures were ultimately converted to approximately 3,570,000 shares of Company common stock. Deferred offering costs of approximately $1,700,000 were recorded as a reduction to additional paid-in-capital.

During 1996, the Company guaranteed specific obligations of two unconsolidated affiliates totaling approximately $25,000,000. The Company is of the opinion that these unconsolidated affiliates will be able to perform under their respective obligations and that no payments will be required and, due to the Company's ability to assume a senior debt position no losses will be incurred under such guarantees.

On October 6, 1995, the Company completed a public offering of 6,345,625 shares of its common stock, priced at $19.625 per share. The net proceeds of approximately $118,000,000 were primarily used for the repayment of debt. Approximately 75% of the proceeds were applied to the Company's credit facility and the remainder was utilized for expansion through acquisitions.

In September 1992, the Company issued $49,000,000 of 8 1/2% convertible subordinated debentures due October 15, 2002, with interest payable semi-annually. The debentures were convertible into the Company's common stock at any time on or before maturity, unless previously redeemed, at $13.25 per share, subject to adjustment in certain events. The Company had an option to redeem the debentures, in whole or in part, at any time on or after October 15, 1995, at an original redemption price of 105.67% of the principal amount, declining to par over the term of the debentures. Between November 3, 1995 and December 1, 1995, the Company converted the remaining balance of the debentures of approximately $42,300,000 into approximately 3,193,000 shares of the Company's common stock. The unamortized premium of $1,983,000 as of December 1, 1995, was recorded as a reduction to additional paid-in capital. Earlier in 1995, approximately $6,700,000 of debentures had been converted into approximately 505,000 shares of the Company's common stock.

If the aforementioned public offering and subordinated debenture conversion transactions, which occurred in October 1995 and November 1995, respectively, had occurred on January 1, 1995, earnings per common share would have increased by $0.03 for the year ended December 31, 1995 due to a reduction in interest expense resulting from the retirement of long-term debt. Weighted average number of common and common equivalent shares outstanding would have been 121,275,000.

As of December 31, 1995, the Company had borrowed $267,448,000 under its $550,000,000 financing agreement, which consisted of a $300,000,000 five-year revolving credit and letter of credit facility and a $250,000,000 term loan facility. Revolving credit loans under the credit facility were limited to $180,000,000 at December 31, 1995, less the amount of any future industrial revenue bonds enhanced by letters of credit under the credit facility. Loans bore interest at the Eurodollar rate or the prime rate, plus a spread not to exceed 1.75% per annum (the applicable interest rate at December 31, 1995 was

7.31%). The credit facility was also used for letters of credit purposes with variable fees from 0.5% to 1.75% per annum (1.5% at December 31, 1995) charged on amounts issued. A commitment fee of up to 0.5% was required on the unused portion of the credit facility.

In August 1995, the Company entered into a three year interest rate swap agreement whereby the Company fixed a maximum interest rate on $125,000,000 of its credit facility. The interest rate was a fixed annual rate of approximately 5.9% plus the applicable spread over the Eurodollar rate (not to exceed 1.75% per annum) as determined under the Credit Facility (6.20% at December 31, 1996).

As of December 31, 1995, Sanifill had borrowed $58,000,000 under its $225,000,000 credit facility, had $127,200,000 available under its credit facility, and had utilized $39,800,000 of its credit facility for letters of credit relating to landfill closure and post-closure obligations and securing industrial revenue bonds and insurance contracts. Sanifill's credit facility was paid off on August 30, 1996. The revolving credit facility provided for a revolving credit period expiring on November 30, 1997, at which time it was to convert to a term facility with a final maturity date of November 30, 2001. Availability under this credit facility was tied to the Company's cash flow and liquidity. Advances bore interest, at Sanifill's option, at the prime rate or London Interbank Offered Rate ("LIBOR"), in each case, plus a margin which was calculated quarterly based upon Sanifill's ratio of indebtedness to cash flow, or, in an amount not to exceed $100,000,000, at a rate negotiated

between Sanifill and certain banks party to the revolving credit facility (6.84% at December 31, 1995). Under the terms of the credit facility, Sanifill was required to maintain certain financial covenants regarding net worth, coverage ratios, and additional indebtedness.

Western's credit facility consisted of a revolving line of credit and permitted borrowings up to $100,000,000. At Western's option, borrowings under the credit facility bore interest at the bank's prime rate and/or at LIBOR plus 0.75% to 2% per annum, depending upon certain financial ratios of Western (6.69% at December 31, 1995). A commitment fee of 0.375% per annum was required on the unused portion of the credit facility. Western's credit facility was paid off on May 7, 1996. Under the terms of the credit facility, Western was subject to various debt covenants including maintenance of certain financial ratios, and in addition, was limited in the amount of cash dividends it could pay.

The senior notes outstanding at December 31, 1996 are unsecured and require the Company to maintain certain financial covenants regarding net worth, coverage ratios, and additional indebtedness. The first principal payment was made July 30, 1996. Deferred offering costs of approximately $700,000 were incurred and are being amortized ratably over the life of the senior notes.

The Company, Sanifill, and Western have completed several tax exempt industrial revenue bond issues totaling $164,639,000 at December 31, 1996, with maturities ranging up to 25 years. Certain of the bonds are subject to annual sinking fund redemptions and proceeds of the issues are restricted to fund certain assets of the projects. Substantially all of the bonds are supported by irrevocable letters of credit and bear interest at floating rates (3.76% to 3.92% at December 31, 1996) with rates reset weekly by a remarketing agent. An interest rate swap agreement with approximately three years remaining at December 31, 1996 has fixed the rate at 6.29% on $24,000,000 of these bonds.

Other long-term debt at December 31, 1996 and 1995 consists of miscellaneous notes payable and obligations under capital leases. Other long-term debt at December 31, 1996 also includes $83,475,000 payable to the former owners of a

landfill and collection operation acquired by the Company in December 1996. This amount was paid in January 1997 through additional borrowings under the Credit Facility.

Chambers incurred nonrecurring interest expense of $10,994,000 and $1,254,000 in 1995 and 1994, respectively, as a result of amendments to its credit facility and senior notes in November 1994. Chambers proratably accrued the extension fees, the expected refinancing premium, and other charges incurred upon consummation of its merger with the Company.

Letters of credit have been provided to the Company supporting industrial revenue bonds, performance of landfill closure and post-closure requirements, insurance contracts, and other contracts. Letters of credit outstanding at December 31, 1996 aggregated $277,994,000.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, restricted funds held by trustees, trade accounts receivable, trade accounts payable, and financial instruments included in notes and other receivables and other assets approximate their fair values principally because of the short-term maturities of these instruments.

The fair values of the Company's debt maturing within one year and the Credit Facility approximate the carrying values due to the nature of the instruments involved. The senior notes and subordinated debt do not have readily available market values; however, the carrying values are considered to approximate their respective fair values based on valuation techniques that consider cash flows discounted at current market rates.

The 5% convertible subordinated debentures had a quoted securities exchange market value of 100% of the $115,000,000 face value of such securities as of December 31, 1996.

The fair value of the $125,000,000 interest rate swap approximates the carrying value due to the interest rate swap's relatively short remaining maturity of approximately two years and the differential between its fixed rate of 6.20% at December 31, 1996 compared to the related Credit Facility's variable rate of 5.87% at December 31, 1996.

The fair values of the industrial revenue bonds approximate the carrying values as the interest rates on the bonds are reset weekly based on the credit quality of the letters of credit which collateralize the bonds. The fair value of the related $24,000,000 interest rate swap approximates the carrying value due to the interest rate swap's relatively short remaining maturity of approximately three years and the differential between its fixed rate of 6.29% compared to the average interest rate of the related industrial revenue bonds of 3.84%.

In the normal course of business, the Company has letters of credit, performance bonds, insurance policies, and other guarantees that are not reflected in the accompanying consolidated balance sheets. In the past, no significant claims have been made against these financial instruments. Management believes that the likelihood of performance under these financial instruments is minimal and expects no material losses to occur in connection with these financial instruments.

7. PREFERRED STOCK

The Board of Directors is authorized to issue preferred stock in series, and with respect to each series, to fix its designation, relative rights (including voting, dividend, conversion, sinking fund, and redemption rights), preferences

(including dividends and liquidation), and limitations. The Company currently has no issued or outstanding preferred stock.

8. COMMON STOCK OPTIONS AND WARRANTS

In accordance with the Company's 1990 Stock Option Plan (the "1990 Plan"), options to purchase 900,000 shares of the Company's common stock may be granted to officers, directors, and key employees. In accordance with the Company's 1993 Stock Option Incentive Plan, as amended (the "1993 Plan"), options to purchase 6,500,000 shares of the Company's common stock may be granted to officers, directors, and key employees. Options are granted under both the 1990 Plan and the 1993 Plan at an exercise price which equals or exceeds the fair market value of the common stock on the date of grant, with various vesting periods, and expire up to ten years from the date of grant. No options are available for future grant under the 1990 Plan.

In May 1996, the Company adopted the 1996 Stock Option Plan for Non-Employee Directors ("1996 Directors Plan") to offer its directors who are not officers, full-time employees, or consultants of the Company an annual grant of 10,000 options on each January 1. In accordance with the 1996 Directors Plan, options to purchase up to 400,000 shares of the Company's common stock may be granted, with five year vesting periods, and expiration dates ten years from the date of grant. Options may be granted at an exercise price which equals fair market value of the common stock on the date of grant.

In accordance with the Envirofil Employees' 1993 Stock Option Plan (the "1993 Envirofil Plan"), options could be granted to purchase 600,000 shares of the Company's common stock. The 1993 Envirofil Plan terminates in January 2003. Options were granted under the 1993 Envirofil Plan at an exercise price which equaled or exceeded the fair market value of the common stock at the date of grant, with various vesting periods, and expiration dates up to ten years from date of grant. As a result of the merger, all unexpired and unexercised options under the 1993 Envirofil Plan converted to options to purchase shares of the Company's common stock, as adjusted, subject to the same terms and conditions as provided under the 1993 Envirofil Plan. No additional options may be issued under such plan.

Chambers had two plans under which stock options for the purchase of its Class A common stock could be granted: the 1993 Stock Incentive Plan (the "1993 Chambers Plan") and the 1991 Stock Option Plan for Non-Employee Directors (the "Chambers Directors' Plan"). The maximum number of shares of Chambers Class A common stock available for grant under the 1993 Chambers Plan in each calendar year was equal to one percent of the total number of outstanding shares of Chambers Class A common stock as of the beginning of the year plus any shares then reserved but not subject to grant under Chambers' terminated 1988 Stock Option Plan (the "1988 Chambers Plan"). Any unused shares available for grant in any calendar year were carried forward and available for award in succeeding calendar years. Under the terms of the 1993 Chambers Plan, options were granted at fair market value on the date of grant, but in no event were options granted at less than the stock's par value, with various vesting periods, and expiration dates up to ten years from date of grant.

Under the Chambers Directors' Plan, options could be granted to purchase 150,000 shares of Chambers Class A common stock. The Chambers Directors' Plan stipulates that each person serving as a director and who was not employed by Chambers was automatically granted options for the purchase of 2,000 shares of Chambers Class A common stock on the third business day following each annual stockholders' meeting. In addition, each nonemployee director at the effective date of the plan was granted options to purchase 2,000 shares of Chambers Class A common stock for each year previously served on Chambers' Board of Directors. As a result of the merger, all unexpired and unexercised options under the 1993 Chambers Plan, the 1988 Chambers Plan, and the Chambers Directors' Plan converted to options to purchase shares of the Company's common stock, as adjusted, subject to the same terms and conditions as provided under the Chambers Plans. No additional options may be issued under such plans.

Western maintained three stock option plans ("Western Plans"), the 1992 Stock Option Plan ("1992 Western Plan"), the Incentive Stock Option Plan, and the

Non-Qualified Stock Option Plan, which allowed key employees and directors of Western the right to purchase shares of its common stock. Options granted under the 1992 Western Plan were designated as incentive or non-qualified in nature, at the discretion of the Compensation Committee of Western's Board of Directors, though only employees were eligible to receive incentive stock options. Western had reserved 2,000,000 shares of its common stock under

each of the Western Plans. Options were granted under the Western Plans at an exercise price which equaled or exceeded the fair market value on the date of grant. Options were generally exercisable in installments beginning one year after the grant date. As a result of the Western Merger, all unexpired and unexercised options under the Western Plans converted to options to purchase shares of the Company's common stock, as adjusted, subject to the same terms and conditions as provided under the Western Plans. No additional options may be issued under such plans.

Sanifill maintained an incentive compensation plan (the "Incentive Plan") which allowed for the ability to grant non-qualified options, restricted stock, deferred stock, incentive stock options, stock appreciation rights, and other long-term incentive awards. Under the Incentive Plan, stock options were typically granted at fair market value on the date of grant. The number of shares available for issuance under the Incentive Plan was limited to 14% of the number of outstanding shares of Sanifill's common stock at that time less shares outstanding under the Incentive Plan and the Company's previously utilized stock option plan (the "Stock Option Plan"). The Incentive Plan did not provide for the granting of options to non-employee directors. The Stock Option Plan provided for options of up to 382,500 of the authorized shares to be granted to non-employee directors. In March 1994 and May 1995, Sanifill granted 190,155 and 26,095 shares of restricted stock, respectively, to certain key executives under the Incentive Plan, which were to vest at the end of eight years or upon the achievement of certain financial objectives, if sooner. During 1996, these financial objectives were met and all restricted shares were vested. Sanifill incurred compensation expense of $2,204,000, $312,000, and $234,000 in 1996, 1995, and 1994, respectively, related to restricted stock. As a result of the Sanifill Merger, all unexpired and unexercised options under the plans converted to options to purchase shares of the Company's common stock, as adjusted, subject to the same terms and conditions as provided under such plans. No additional options may be issued under such plans.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123. SFAS No. 123 prescribes a fair value based method of determining compensation expense related to stock-based awards granted to employees. The recognition provisions of SFAS No. 123 are optional; however, entities electing not to adopt the recognition provisions of SFAS No. 123 are required, beginning in 1996, to make disclosures of pro forma net income and earnings per share as if the recognition provisions of SFAS No. 123 had been applied as of January 1, 1995, as well as disclosures regarding assumptions utilized in determining the pro forma amounts. The Company did not adopt the recognition provisions of SFAS No. 123, however, required disclosures are included below.

Stock options granted by the Company in 1996 and 1995 have ten year terms. Stock options granted by Chambers and Western became fully vested upon consummation of the related mergers. Stock options granted by Sanifill continue to vest under varying vesting periods ranging from immediate vesting to four years following the date of grant. The Company has issued warrants expiring through 2002 for the purchase of shares of its common stock in connection with private placements of debt and equity securities, acquisitions of businesses, bank borrowings, reorganizations, and certain employment agreements. The following table summarizes common stock options and warrants transactions related to employees or Company directors under all of the aforementioned plans for 1996, 1995, and 1994 (in thousands):

	Options and Warrants	Weighted Average Exercise Price	Option Price Range
Outstanding at January 1, 1994	10,426		
Granted	2,781		
Exercised	(1,083)		$0.55 - $14.67
Forfeited	(274)		
Outstanding at December 31, 1994	11,850	$ 8.63	
Granted	4,005	18.16	
Exercised	(1,250)	5.17	
Forfeited	(118)	29.62	
Outstanding at December 31, 1995	14,487	11.58	
Granted	5,937	24.60	
Exercised	(2,385)	10.87	
Forfeited	(46)	16.53	
Outstanding at December 31, 1996	17,993	16.11	
Exercisable at December 31, 1995	7,892	$ 10.12	
Exercisable at December 31, 1996	9,137	11.14	

The common stock options outstanding at December 31, 1996 include 9,457,000 common stock options granted by Chambers, Western, and Sanifill, of which 7,189,000 are exercisable. The Company holds 23,485 shares of its common stock in treasury as of December 31, 1996 for future distribution upon exercise of options under the plans.

The weighted average fair value of common stock options and warrants granted to employees or Company directors during 1996 and 1995 were $8.47 and $5.53, respectively. The fair value of each common stock option or warrant granted to employees or Company directors by the Company during 1996 and 1995 is estimated utilizing the Black-Scholes option-pricing model. For USA Waste, the following weighted average assumptions were used: dividend yield of 0%, risk-free interest rates vary for each grant and range from 5.22% to 6.9%, expected life of four years for all grants, and stock price volatility of approximately 31% for all grants. For Chambers, Western, and Sanifill, the following weighted average assumptions were used: dividend yield of 0%, risk-free interest rates vary for each grant and range from 5.06% to 7.67%, expected life of two or three years for all grants, and a stock price volatility ranging from 16.5% to 25% for all grants.

Stock options and warrants outstanding and exercisable related to employees or Company directors at December 31, 1996 were as follows (in thousands):

	Outstanding			Exercisable	
	Options	Weighted Average Exercise Price	Weighted Average Remaining Term	Options	Weighted Average Exercise Price
$2.25 to $10.00	5,148	$ 6.87	4.95 years	4,871	$ 6.84
$10.01 to $20.00	6,247	14.11	7.49 years	3,225	13.31
$20.01 to $30.88	6,598	25.23	9.19 years	1,041	24.56
$2.25 to $30.88	17,993	$ 16.11	7.39 years	9,137	$ 11.14

The following table summarizes transactions involving common stock warrants related to nonemployees for 1996, 1995, and 1994 (in thousands):

	Options and Warrants	Weighted Average Exercise Price	Option Price Range
Outstanding at January 1, 1994	724		
Granted	60		
Exercised	(472)		$0.55 - $8.80
Forfeited	--		
Outstanding at December 31, 1994	312	$ 9.33	
Granted	230	11.61	
Exercised	(415)	9.03	
Forfeited	--	--	
Outstanding at December 31, 1995	127	10.65	
Granted	528	25.46	
Exercised	(81)	9.15	
Forfeited	(21)	10.50	
Outstanding at December 31, 1996	553	19.52	
Exercisable at December 31, 1995	75	$ 10.58	
Exercisable at December 31, 1996	222	15.37	

The weighted average fair value of common stock warrants granted to nonemployees during 1996 and 1995 were $10.37 and $4.27, respectively. The fair value of each common stock warrant granted to employees or Company directors by the Company during 1996 and 1995 is estimated utilizing the Black-Scholes option-pricing model. For USA Waste, the following weighted average assumptions were used: dividend yield of 0%, risk-free interest rates vary for each grant and range from 5.06% to 7.67%, expected life of five years for all grants, and a stock price volatility of approximately 31% for all grants. For Chambers, Western, and Sanifill, the following weighted average assumptions were used: dividend yield of 0%, risk-free interest rate of 7.15% for all grants, expected life of five years for all grants, and a stock price volatility of 16.5% for all grants.

If the Company applied the recognition provisions of SFAS No. 123, the Company's net income and earnings per common share for 1996 and 1995 would approximate the pro forma amounts shown below (in thousands, except per share amounts):

	Years ended December 31,	
	1996	1995
SFAS No. 123 charge, net of income taxes	$11,260	$ 2,371
Net income	21,686	50,117
Earnings per common share	0.16	0.44

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards prior to 1995.

9. EMPLOYEE BENEFIT PLANS

Effective July 1, 1995, the Company established the USA Waste Services, Inc. Employee Savings Plan ("the Savings Plan"), a qualified defined contribution retirement plan, covering employees (except those working subject to a collective bargaining agreement) 21 years of age or older who have completed one year of service or were actively employed on the Savings Plan's commencement date. The Savings Plan allows eligible employees to contribute up to the lesser of 15% of their annual compensation or the maximum permitted under IRS regulations to various investment funds. The Company matches 50% of the first 6% an employee contributes. Both employee and Company contributions vest immediately. In 1996 and 1995, the Company contributed approximately $1,248,000 and $218,000, respectively, and incurred approximately $148,000 and $25,000, respectively, in administrative fees.

Western has a qualified defined contribution plan which generally covers all full time salaried and clerical employees not represented by a bargaining agreement. Eligible employees are allowed to contribute up to the lesser of 20% of their annual compensation or the maximum permitted under IRS regulations to various investment funds. At its discretion, Western can match up to 50% of the amount contributed by employees. Contributions to this plan were discontinued January 1, 1997. Western's contributions for 1996, 1995, and 1994, represented by issuance of Western common stock, were $753,000, $698,000, and $661,000, respectively.

Sanifill has a defined contribution plan for employees meeting certain employment requirements. Eligible employees are allowed to contribute up to the lesser of 15% of their annual compensation or the maximum permitted under IRS regulations to various investment funds. Sanifill matches all employee contributions up to 3%. Contributions to this plan were discontinued January 1, 1997. Sanifill matching contributions were approximately $1,049,000, $700,000, and $500,000 for the years ended December 31, 1996, 1995, and 1994, respectively.

Sanifill has an Employee Stock Purchase Plan ("ESPP") for all active employees who have completed one year of continuous service. Employees may contribute from 1% to 5% of their compensation. In addition, during any purchase period, as defined, a single additional contribution of $25, or any multiple thereof not exceeding $2,000, may be made by a participant to their account. At the end of each purchase period, each participant's account balance is applied to acquire common stock of Sanifill at 85% of the market value, as defined, on the first day or last day of the purchase period, whichever price is lower. The maximum amount per employee that may be contributed during any plan year, as defined, shall not exceed $25,000. Contributions to the ESPP were discontinued upon consummation of the Sanifill Merger. The number of shares reserved for purchase under the ESPP is 470,886 and may be from either authorized and unissued shares or treasury shares.

10. INCOME TAXES

The provision for income taxes consists of the following (in thousands):

	Years Ended December 31,

	1996	1995	1994
Current:			
Domestic	$ 36,864	$ 32,227	$ 26,988
Foreign	5,375	407	66
	42,239	32,634	27,054
Deferred:			
Domestic	3,342	12,871	(26,272)
Foreign	(439)	(513)	233
	2,903	12,358	(26,039)
Provision for income taxes	$ 45,142	$ 44,992	$ 1,015

The difference between federal income taxes at the statutory rate and the provision for income taxes for the years presented above is as follows (in thousands):

	Years Ended December 31,		
	1996	1995	1994
Provision (benefit) for income taxes at federal statutory rate	$ 27,331	$ 34,118	$ (2,809)
Prior year income tax adjustment	--	--	(4,300)
Nondeductible expenses	12,361	7,018	6,385
State and local income taxes, net of federal income tax benefit	3,904	2,414	3,323
Foreign income taxes	1,977	494	--
Other	(431)	948	(1,584)
Provision for income taxes	$ 45,142	$ 44,992	$ 1,015

Chambers' corporate tax returns for 1988 through 1992 are currently under examination by the Internal Revenue Service ("IRS"). The Company has reached tentative agreement with the IRS regarding the tax treatment of certain costs and expenses deducted for financial statement purposes in these open tax years. That agreement is subject to the approval of the Joint Committee on Taxation. Western's corporate tax returns for fiscal years 1991 through 1993 are currently under examination by the IRS. The IRS has proposed adjustments for these years, which the Company is vigorously protesting, which neither alone nor in aggregate would have a material effect on the Company's financial position or results of operations when resolved. Sanifill's corporate tax returns for 1994 and 1995 are currently under examination by the IRS. The Company has been notified that USA Waste's 1994 corporate tax return will be examined by the IRS.

The components of the net deferred tax assets are as follows (in thousands):

	December 31,

	1996	1995
Deferred tax assets:		
Net operating loss carryforwards	$ 85,449	$ 97,160
Litigation settlements	--	27,897
Closure, post-closure, and other reserves	32,176	28,794
Self insurance	5,042	5,243
Asset impairments, losses from planned asset divestures, and other	53,764	24,704
Valuation allowance	(24,000)	(24,000)
Deferred tax assets	152,431	159,798
Deferred tax liabilities:		
Property, equipment, intangible assets, and other	121,503	120,674
Net deferred tax assets	$ 30,928	$ 39,124

At December 31, 1996, the Company had approximately $205,000,000 of net operating loss ("NOL") carryforwards, primarily as a result of losses incurred by Chambers prior to the Company's merger with Chambers. Most of the NOL carryforwards will begin to expire in 2007. The use of the NOL carryforwards is subject to annual limitations of approximately $39,000,000 due to an ownership change within the meaning of Section 382 of the Internal Revenue Code. The valuation allowance as of December 31, 1996, 1995, and 1994 primarily relates to a portion of the NOL carryforwards which could expire prior to utilization by the Company.

In December 1996, in connection with the settlement of Chambers' shareholder litigation (see Note 12), the Claims Administrator of the Settlement Fund Escrow Account distributed the shareholder litigation settlement to the claimants. The distribution resulted in a portion of the $75,300,000 shareholder litigation settlement charge in 1994 becoming deductible in 1996. Income taxes payable included in accrued liabilities was approximately $21,702,000 at December 31, 1996.

11. UNUSUAL ITEMS

A summary of unusual items is as follows (in thousands):

	Years Ended December 31,		
	1996	1995	1994
Provision for asset impairments, abandoned projects, and estimated losses related to the disposition of non-core business assets	$35,848	$ --	$ 9,351
Provisions for losses on contractual commitments	23,128	1,313	2,252
Reversal of prior provisions for losses on asset divestitures and contractual commitments	--	--	(3,565)
Financing and professional fees	--	610	--
Corporate and regional restructurings	--	2,810	825
Western retirement benefits	4,824	--	--
Total unusual items	$63,800	$ 4,733	$ 8,863

In the second quarter of 1996, unusual items include approximately $4,824,000 of retirement benefits associated with Western's pre-merger retirement plan and approximately $8,128,000 of estimated future losses related to municipal solid waste contracts in California as a result of the continuing decline in prices of recyclable materials. In the third quarter of 1996, the Company also recognized approximately $50,848,000 of unusual items. The unusual items included $28,900,000 of estimated losses related to the disposition of certain non-core business assets, $15,000,000 of project reserves related to certain Mexico operations, and $6,948,000 of various other terminated projects.

In 1992, Chambers became a defendant in shareholder litigation arising out of

financial statement revisions (see Note 12) and, as a result of noncompliance with certain covenants of its various long-term borrowing agreements, commenced restructuring of its principal credit facilities and surety arrangements. Chambers also initiated a major restructuring of its operations which included a program to divest certain businesses that no longer met strategic and performance objectives, the abandonment of

various development activities, and the reorganization of its corporate and regional operations. In 1995 and 1994, Chambers incurred substantial expenses related to these matters as discussed below.

In 1995, Chambers recorded charges of $2,810,000 for severance and other termination benefits paid to former Chambers employees in connection with its pre-merger reorganization, $1,313,000 of estimated future losses associated with the renegotiated Bergen County, New Jersey, municipal solid waste contract, and $610,000 of shareholder litigation settlement costs.

In 1994, Chambers recorded charges of $3,366,000 for losses on asset divestitures, including $1,114,000 to adjust a 1993 estimate of the loss on divestiture of a collection, recycling, and transfer station operation and $2,252,000 related to the estimated future loss on a municipal contract. During 1994, Chambers also reversed 1993 provisions for losses on asset divestitures and contractual commitments of $3,565,000, including $2,000,000 previously recorded for losses expected to be incurred on a municipal contract with respect to which Chambers was able to negotiate an early termination and $1,053,000 of excess reserve related to the sale of a recycling operation and certain real estate.

In 1994, Chambers also recorded net charges of $8,237,000 for asset impairments and abandoned projects, including $6,978,000 to reduce the carrying value of Chambers' medical, special, and municipal waste incinerator facility to its estimated net realizable value, determined as the present value of future cash flows discounted at 12%. A permanent decline in the value of the incinerator became evident as Chambers management determined its investment could not be recovered through future operations, given current and forecasted pricing, waste mix, and capacity trends as well as then recently proposed regulations with respect to medical waste incinerator facilities and general declines in the value of waste incinerator businesses. During 1994, Chambers also reached a favorable settlement of previously reported litigation related to certain contracts entered into with respect to its purchase of a landfill and its prior purchase of a collection company. The settlement amount is included as a credit to unusual items and includes receipt by Chambers of $1,200,000 in cash and the forgiveness of all remaining non-compete payments totaling $525,000 that were to have been paid by Chambers to various individuals in 1994, 1995, and 1996. The remaining charge of $2,984,000 results from changes in 1993 estimates for certain asset impairments and abandoned projects. In addition, Chambers recorded a charge of $825,000 primarily relating to severance benefits paid to employees terminated as part of Chambers' continued reorganization. With the exception of the $1,200,000 litigation settlement received by Chambers and the $825,000 payment of severance benefits, there was no cash flow effect related to these unusual charges.

12. SHAREHOLDER LITIGATION SETTLEMENT

In 1994, in connection with the settlement of certain Chambers' shareholder litigation, Chambers accrued $85,300,000 for the cost of the settlements and $4,100,000 for other litigation related costs, of which $79,400,000 was recorded as an expense and paid in 1995 and $10,000,000 was recorded as an asset and ultimately paid from the proceeds of Chambers' directors and officers liability insurance policy.

13. RELATED PARTY TRANSACTIONS

The Chambers' headquarters facility was leased from the principal stockholders of Chambers under a lease dated December 29, 1986 with an initial term expiring in October 2006 and a ten-year renewal option. The agreement provided for monthly lease payments (aggregating $531,000 during 1995) prior to the Company being released from the lease by assuming the related mortgage of $1,945,000 from the principal stockholders of Chambers in July 1995.

In August 1995 and pursuant to the terms of the Chambers merger, the Company exercised an option to purchase real estate from John G. Rangos, Sr., a principal stockholder of Chambers and a director of the Company, and Michael J. Peretto, a former director of Chambers, and certain members of his family. The real estate is adjacent to the Company's Monroeville landfill. The option to purchase the real estate was granted pursuant to agreements among the parties dated July 8, 1993. The total consideration paid by the Company for the real estate was $2,986,000, of which $2,103,000 was paid to John G. Rangos, Sr. and $883,000 was paid to Mr. Peretto and members of his family.

Pursuant to the terms of the Western Merger, the Company and the Shirvanian Family Investment Partnership (the "Partnership"), of which Kosti Shirvanian, a director of the Company, is a general partner, transferred to the Company the Partnership's interests in the land and improvements constituting a portion of a transfer station in Carson, California, in exchange for the issuance by the Company of 337,500 shares of Company common stock.

14. COMMITMENTS AND CONTINGENCIES

Operating leases -- The Company has entered into certain noncancelable operating leases for vehicles, equipment, offices, and other facilities which expire through 2011, certain of which contain renewal options. Lease expense aggregated $6,609,000, $15,519,000, and $20,064,000 during 1996, 1995, and 1994, respectively. Future minimum lease payments under operating leases in effect at December 31, 1996 are 1997 -- $6,858,000; 1998 -- $5,232,000; 1999 -- $4,265,000; 2000 -- $3,365,000; 2001 -- $3,009,000; and thereafter $10,315,000.

Environmental matters -- The Company is subject to extensive and evolving federal, state, and local environmental laws and regulations in the United States and elsewhere that have been enacted in response to technological advances and the public's increased concern over environmental issues. As a result of changing governmental attitudes in this area, management anticipates that the Company will continually modify or replace facilities and alter methods of operation. The majority of the expenditures necessary to comply with the environmental laws and regulations are made in the normal course of business. Although the Company, to the best of its knowledge, is in compliance in all material respects with the laws and regulations affecting its operations, there is no assurance that the Company will not have to expend substantial amounts for compliance in the future.

Litigation -- On or about March 8, 1993, an action was filed in the United States District Court for the Western District of Pennsylvania, captioned Option Resource Group, et al. v. Chambers Development Company, Inc., et al., Civil Action No. 93-354. This action was brought by a market maker in options in Chambers stock and two of its general partners and asserts federal securities law and common law claims alleging that Chambers, in publicly disseminated materials, intentionally or negligently misstated its earnings and that Chambers' officers and directors committed mismanagement and breach of fiduciary duties. These plaintiffs allege that, as a result of large amounts of put options traded on the Chicago Board of Options Exchange between March 13 and March 18, 1992, they engaged in offsetting transactions resulting in approximately $2,100,000 in losses. The plaintiffs in Option Resource Group

had successfully requested exclusion from a now settled class action of consolidated suits instituted on similar claims ("Class Action") and Option Resource Group is continuing as a separate lawsuit. Plaintiffs filed a motion for summary judgment which is untimely under the court's case management procedures. The court has stayed responses to the motion for summary judgment. In response to discovery on damages, the plaintiffs reduced their damages claim to $433,000 in alleged losses, plus interest and attorneys' fees, for a total damage claim of $658,000 as of August 21, 1995. Discovery has been completed and a trial date has been set for early 1997. The Company intends to continue to vigorously defend against this action. Management of the Company believes the ultimate resolution of such complaint will not have a material adverse effect on the Company's financial position or results of operations.

On August 3, 1995, Frederick A. Moran and certain related persons and entities filed a lawsuit against Chambers, certain former officers and directors of Chambers, and Grant Thornton, LLP, in the United States District Court for the Southern District of New York under the caption Moran, et al. v. Chambers, et al., Civil Action No. 95-6034. Plaintiffs, who claim to represent approximately 484,000 shares of Chambers stock, requested exclusion from the settlement agreements which resulted in the resolution of the Class Action and assert that they have incurred losses attributable to shares purchased during the class period and certain additional losses by reason of alleged management misstatements during and after the class period. The claimed losses include damages to Mr. Moran's business and reputation. The Judicial Panel on Multidistrict Litigation has transferred this case to the United States District Court for the Western District of Pennsylvania. The Company has filed its answer to the complaint and intends to vigorously defend against these claims. The case is currently in discovery. Management of the Company believes the ultimate resolution of such complaint will not have a material adverse effect on the Company's financial position or results of operations.

The Company is a party to various other litigation matters arising in the ordinary course of business. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position and results of operations. In the normal course of its business and as a result of the extensive government regulation of the solid waste industry, the Company periodically may become subject to various judicial and administrative proceedings and investigations involving federal, state, or local agencies. To date, the Company has not been required to pay any material fine or had a judgment entered against it for violation of any environmental law. From time to time, the Company also may be subjected to actions brought by citizen's groups in connection with the permitting of landfills or transfer stations, or alleging violations of the permits pursuant to which the Company operates. From time to time, the Company is also subject to claims for personal injury or property damage arising out of accidents involving its vehicles.

Insurance -- The Company carries a broad range of insurance coverages, which management considers prudent for the protection of the Company's assets and operations. Some of these coverages are subject to varying retentions of risk by the Company. The casualty coverages currently include $2,000,000 primary commercial general liability and $1,000,000 primary automobile liability supported by $100,000,000 in umbrella insurance protection. The property policy provides insurance

coverage for all of the Company's real and personal property, including California earthquake perils. The Company also carries $200,000,000 in aircraft liability protection.

The Company maintains workers' compensation insurance in accordance with laws of the various states in which it has employees. The Company also currently has an environmental impairment liability ("EIL") insurance policy for certain

of its landfills and transfer stations that provides coverage for property damages and/or bodily injuries to third parties caused by off-site pollution emanating from such landfills or transfer stations. This policy provides $5,000,000 of coverage per incident with a $10,000,000 aggregate limit.

To date, the Company has not had any difficulty in obtaining insurance. However, if the Company in the future is unable to obtain adequate insurance, or decides to operate without insurance, a partially or completely uninsured claim against the Company, if successful and of sufficient magnitude, could have a material adverse effect upon the Company's financial condition or results of operations. Additionally, continued availability of casualty and EIL insurance with sufficient limits at acceptable terms is an important aspect of obtaining revenue-producing waste service contracts.

15. SELECTED QUARTERLY FINANCIAL DATA, UNAUDITED

The following table summarizes the unaudited consolidated quarterly results of operations for 1996 and 1995 (in thousands, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues				
1996	$ 282,525	$ 327,742	$ 352,754	$ 350,367
1995	$ 222,944	$ 240,770	$ 262,434	$ 261,557
Income (loss) from operations				
1996	$ 54,164	$ 22,183	$ (50,194)	$ 84,155
1995	$ 32,626	$ 9,310	$ 51,994	$ 52,477
Income (loss) before income taxes				
1996	$ 46,082	$ 13,348	$ (58,386)	$ 77,044
1995	$ 19,398	$ (8,029)	$ 41,224	$ 44,887
Net income (loss)				
1996	$ 27,652	$ (2,068)	$ (38,864)	$ 46,226
1995	$ 11,639	$ (10,817)	$ 24,734	$ 26,932
Earnings (loss) per common share				
1996	$ 0.21	$ (0.01)	$ (0.27)	$ 0.32
1995	$ 0.11	$ (0.10)	$ 0.22	$ 0.21

Earnings (loss) per common share for each of the quarters presented is based on the weighted average number of shares of common stock outstanding for each period and the sum of the quarters may not necessarily be equal to the full year earnings (loss) per common share amount.

Amounts presented for 1996 and 1995 are restated for the pooling of interests transactions with Sanifill, Western, and Chambers, discussed in Note 2, and are different from amounts originally reported. The results of operations for 1996 and 1995 include certain nonrecurring charges for merger costs, unusual items, and nonrecurring interest, as disclosed elsewhere herein. In 1996, nonrecurring charges amounted to $51,052,000 and $133,404,000 in the second and third quarters, respectively. In 1995, nonrecurring charges amounted to $4,206,000 and $37,160,000 in the first and second quarters, respectively.

16. SUBSEQUENT EVENTS

In connection with the Sanifill Merger, the United States Department of Justice ordered the divestiture of certain solid waste collection and disposal assets and operations in Houston, Texas. On January 31, 1997, the Company sold these assets to TransAmerican Waste Industries, Inc. ("TransAmerican") for $13,600,000 in cash plus warrants to purchase 1,500,000 shares of TransAmerican common stock at an exercise price of $1.50 per share. The warrants are exercisable for a period of five years.

On February 7, 1997, the Company issued $535,275,000 of 4% convertible subordinated notes, due on February 1, 2002 ("Notes Offering"). Interest is payable semi-annually in February and August. The notes are convertible into shares of the Company's common stock at a conversion price of $43.56 per share. The notes are subordinated in right of payment to all existing and future senior indebtedness, as defined. The notes are redeemable after February 1, 2000 at the option of the Company at 101.6% of the principal amount, declining to 100.8% of the principal amount on February 1, 2001 and thereafter until maturity, plus accrued interest. Deferred offering costs of approximately $14,000,000 were incurred and are being amortized ratably over the life of the notes. The proceeds were primarily used to repay debt under the Company's Credit Facility and for general corporate purposes.

On February 7, 1997, concurrent with the Notes Offering, the Company completed a public offering of 11,500,000 shares of its common stock, priced at $35.125 per share. The net proceeds of approximately $387,438,000 were primarily used to repay debt under the Company's Credit Facility and for general corporate purposes.

If the aforementioned issuance of 4% convertible subordinated debentures and public offering had occurred on January 1, 1996, earnings per share would have increased by $0.05 for the year ended December 31, 1996 due to a reduction in interest expense resulting from the repayment of debt under the Company's credit facility being offset by an increase in the weighted average number of common and common equivalent shares outstanding, which would have been 163,529,000.

On March 12, 1997, the Company acquired all of the Canadian solid waste subsidiaries of Allied Waste Industries, Inc., representing 41 collection businesses, seven landfills, and eight transfer stations in the provinces of Alberta, British Columbia, Manitoba, Ontario, Quebec, and Saskatchewan, for approximately $518,000,000 in cash. The acquisition was accounted for under the purchase method of accounting.

On January 21, 1997, the Company executed a definitive agreement to acquire substantially all of the assets of Mid-American Waste Systems, Inc. for approximately $201,000,000, consisting primarily of cash and a limited amount of debt assumption. The assets to be acquired include eleven collection businesses, eleven landfills, six transfer stations, and three recycling centers. The acquisition has been approved by the Bankruptcy Court and is expected to close during the second quarter of 1996. The acquisition will be accounted for under the purchase method of accounting.

Subsequent to December 31, 1996, in addition to the two aforementioned acquisitions, the Company acquired 24 collection businesses, four transfer stations, and one landfill for approximately $39,900,000 in cash, $14,359,000 in liabilities incurred or debt assumed, and 982,964 shares of the Company's common stock under the purchase method of accounting.

The unaudited pro forma information set forth below assumes 1997, 1996, and 1995 acquisitions accounted for as purchases occurred at the beginning of 1995. The unaudited pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that

actually would have been achieved had the acquisitions been consummated at that time (in thousands, except per share amounts):

	Years Ended December 31,	
	1996	1995
Operating revenues	$1,926,948	$1,835,849
Net income	87,450	120,063
Earnings per common share	0.61	0.99

On March 21, 1997, a Canadian subsidiary of the Company and WMX Technologies, Inc.'s Waste Management unit ("WMX") jointly executed a letter of intent whereby the Company will acquire the majority of WMX's Canadian solid waste businesses for approximately $186,000,000, including $124,000,000 in cash and $62,000,000 in Company common stock. The assets to be acquired include 13 collection businesses, one landfill, and three transfer stations in the provinces of Alberta, British Columbia, Ontario, and Quebec, which generate approximately $124,000,000 in annualized operating revenues. The acquisition, which is expected to close by May 31, 1997, is subject to regulatory approval and final negotiation and execution of a definitive sales agreement.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this Item is set forth under the caption "Election of Directors" in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1997 Proxy Statement"), and is incorporated herein by reference. Information concerning the executive officers of the Company is set forth above under "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is set forth under the caption "Election of Directors - Executive Compensation" in the 1997 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is set forth under the caption "Election of Directors - Beneficial Ownership of USA Waste Common Stock" in the 1997 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is set forth under the caption "Election of Directors - Certain Relationships and Related Transactions" in the 1997 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a)(1) Consolidated Financial Statements:

Report of Independent Accountants

Consolidated Balance Sheets as of December 31, 1996 and 1995

Consolidated Statements of Operations for the years ended December 31, 1996 1995, and 1994

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1996, 1995, and 1994

Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995, and 1994

Notes to Consolidated Financial Statements

(a)(2) Consolidated Financial Statement Schedules:

All Consolidated Financial Statement Schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements or the notes thereto.

(a)(3) Exhibits:

2.1 - Agreement and Plan of Merger, dated as of December 18, 1995, by and among the Registrant, Riviera Acquisition Corporation and Western Waste Industries [Incorporated by reference to Appendix A in the Registrant's Registration Statement on Form S-4, File No. 333-02181].

2.2 - Agreement and Plan of Merger, dated as of June 22, 1996, by and among the Registrant, Quatro Acquisitions Corp. and Sanifill, Inc. [Incorporated by reference to Annex A in the Registrant's Registration Statement on Form S-4, File No. 333-08161].

2.3 - Amendment No. 1 to Agreement and Plan of Merger, dated July 18, 1996, by and among the Registrant, Quatro Acquisition Corp. and Sanifill, Inc. [Incorporated by reference to Annex A in the Registrant's Registration Statement on Form S-4, File No. 333-08161].

3.1 - Restated Certificate of Incorporation, as amended [Incorporated by reference to Exhibit 3.1(b) of the Registrant's Quarterly Report, as amended, on Form 10-Q for the three months ended March 31, 1996].

3.2 - Bylaws [Incorporated by reference to Exhibit 3.2 to the Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-4, File No. 33-60103].

4.1 - Specimen Stock Certificate [Incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form S-3, File No. 33-76224].

4.2 - Supplemental Indenture, dated as of September 3, 1996, among USA Waste Services, Inc., Sanifill, Inc., and Texas Commerce Bank National Association relating to Sanifill, Inc.'s 5% Convertible Subordinated Debentures Due March 1, 2006 [Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K dated September 3, 1996].

4.3 - Indenture for Subordinated Debt Securities dated February 3, 1997, among the Registrant and Texas Commerce Bank National Association, as trustee [Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K dated February 7, 1997].

4.4 - Officers Certificate dated as of February 7, 1997, setting forth the terms of the Registrant's 4% Convertible Subordinated Notes due 2002 [Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K dated February 7, 1997].

4.5 - Form of the Registrant's 4% Convertible Subordinated Notes due 2002 [Incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form-8-K dated February 7, 1997].

10.1 - 1990 Stock Option Plan [Incorporated by reference to Exhibit 10.1 of the Registrant's Annual report on Form 10-K for the year ended December 31, 1990].

10.2 - 1993 Stock Incentive Plan [Incorporated by reference to Exhibit 4.4 of the Registrants Registration Statement on Form S-8, File No. 33-72436].

10.3 - 1996 Stock Option Plan for Non-Employee Directors [Incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-8, File No. 333-14115].

10.4 - Envirofil, Inc. 1993 Stock Incentive Plan [Incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

10.5 - Western Waste Industries Amended and Restated 1983 Stock Option Plan [Incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-8, File No. 333-02181].

10.6 - Western Waste Industries 1983 Non-Qualified Stock Option Plan [Incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement on Form S-8, File No. 333-02181].

10.7 - Western Waste Industries 1992 Option Plan [Incorporated by reference to Exhibit 99.3 of the Registrant's Registration Statement on Form S-8, File No. 333-02181].

10.8 - Sanifill, Inc. 1994 Long-Term Incentive Plan [Incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-8, File No. 333-08161].

10.9 - Sanifill, Inc. 1989 Stock Option Plan [Incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement on

Form S-8, File No. 333-08161].

10.10 - Amended and Restated Revolving Credit Agreement dated as of August 30, 1996, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Canada, and Morgan Guaranty Trust Company of New York [Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K dated September 3, 1996].

10.11 - Form of Employment Agreement between the Registrant and each of John E. Drury, Donald F. Moorehead, Jr., David Sutherland-Yoest, and Chuck A. Wilcox [Incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

10.12 - Employment Agreement between the Registrant and Rodney R. Proto [Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K dated September 3, 1996].

10.13 - Employment Agreement between the Registrant and Earl E. DeFrates [Incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

10.14 - Employment Agreement between the Registrant and Gregory T. Sangalis [Incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-4, File No. 33-59259].

10.15 - Consulting and Non-compete Agreement dated June 25, 1995, among the Registrant, between the Registrant and John G. Rangos, Sr. [Incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].

10.16 - Employment Agreement dated June 25, 1995, between the Registrant and Alexander W. Rangos [Incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].

10.17 - Employment Agreement dated December 18, 1995, between the Registrant and Kosti Shirvanian [Incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995].

10.18 - Amended and Restated Revolving Credit Agreement dated as of March 5, 1997, among the Registrant, its subsidiaries, Bank of America Illinois, Morgan Guaranty Trust Company of New York, and J. P. Morgan Canada.

11.1 - Computation of Earnings (Loss) Per Common Share.

21.1 - Subsidiaries of the Registrant.

23.1 - Consent of Coopers & Lybrand L.L.P.

24.1 - Form 10-K Limited Power of Attorney.

27.1 - Financial Data Schedule.

(b) Reports on Form 8-K:

During the last quarter of the period covered by this report, the Company filed a Current Report on Form 8-K dated November 12, 1996. Such Current Report is reported on Item 5. Other Events and on Item 7. Financial Statements and Exhibits. The Company filed restated supplemental financial statements of USA Waste Services, Inc. to include the financial statements of Sanifill, Inc. The financial statements filed included: (i) The supplemental consolidated balance sheets are as of December 31, 1995 and 1994, and the related supplemental consolidated statements of operations, stockholders' equity, and cash flows are for each of the three years in the period ended December 31, 1995; and (ii) The supplemental interim condensed consolidated balance sheets are as of June 30, 1996 and December 31, 1995, the related supplemental interim condensed consolidated statements of operations are for the six months ended June 30, 1996 and 1995, the related supplemental interim condensed consolidated statement of stockholders' equity is for the six months ended June 30, 1996, and the related supplemental interim condensed consolidated statements of cash flows are for the six months ended June 30, 1996 and 1995.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

John E. Drury, Chief Executive Officer

Date: March 31, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ JOHN E. DRURY John E. Drury	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	March 31, 1997
/s/ RODNEY R. PROTO Rodney R. Proto	President, Chief Operating Officer, and Director	March 31, 1997
* /s/ DONALD F. MOOREHEAD, JR. Donald F. Moorehead, Jr.	Chief Development Officer and Director	March 31, 1997
/s/ EARL E. DEFRATES Earl E. DeFrates	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 1997
/s/ BRUCE E. SNYDER Bruce E. Snyder	Vice President and Chief Accounting Officer	March 31, 1997
* /s/ KOSTI SHIRVANIAN Kosti Shirvanian	Director	March 31, 1997

* /s/ DAVID SUTHERLAND-YOEST David Sutherland-Yoest	Director	March 31, 1997
* /s/ RICHARD J. HECKMANN Richard J. Heckmann	Director	March 31, 1997
* /s/ WILLIAM E. MOFFETT William E. Moffett	Director	March 31, 1997
* /s/ ALEXANDER W. RANGOS Alexander W. Rangos	Director	March 31, 1997

* /s/ JOHN G. RANGOS, SR. John G. Rangos, Sr.	Director	March 31, 1997
* /s/ SAVEY TUFENKIAN Savey Tufenkian	Director	March 31, 1997
* /s/ LARRY J. MARTIN Larry J.Martin	Director	March 31, 1997
* /s/ RALPH F. COX Ralph F. Cox	Director	March 31, 1997

* By Gregory T. Sangalis,
as attorney in-fact

INDEX TO EXHIBITS

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4.5 - Form of the Registrant's 4% Convertible Subordinated Notes due 2002 [Incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form-8-K dated February 7, 1997].

10.1 - 1990 Stock Option Plan [Incorporated by reference to Exhibit 10.1 of the Registrant's Annual report on Form 10-K for the year ended December 31, 1990].

10.2 - 1993 Stock Incentive Plan [Incorporated by reference to Exhibit 4.4 of the Registrants Registration Statement on Form S-8, File No. 33-72436].

10.3 - 1996 Stock Option Plan for Non-Employee Directors [Incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-8, File No. 333-14115].

10.4 - Envirofil, Inc. 1993 Stock Incentive Plan [Incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

10.5 - Western Waste Industries Amended and Restated 1983 Stock Option Plan [Incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-8, File No. 333-02181].

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10.6 - Western Waste Industries 1983 Non-Qualified Stock Option Plan [Incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement on Form S-8, File No. 333-02181].

10.7 - Western Waste Industries 1992 Option Plan [Incorporated by reference to Exhibit 99.3 of the Registrant's Registration Statement on Form S-8, File No. 333-02181].

10.8 - Sanifill, Inc. 1994 Long-Term Incentive Plan [Incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-8, File No. 333-08161].

10.9 - Sanifill, Inc. 1989 Stock Option Plan [Incorporated by reference to Exhibit 99.2 of the Registrant's Registration Statement on Form S-8, File No. 333-08161].

10.10 - Amended and Restated Revolving Credit Agreement dated as of August 30, 1996, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Canada, and Morgan Guaranty Trust Company of New York [Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K dated September 3, 1996].

10.11 - Form of Employment Agreement between the Registrant and each of John E. Drury, Donald F. Moorehead, Jr., David Sutherland-Yoest, and Chuck A. Wilcox [Incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

10.12 - Employment Agreement between the Registrant and Rodney R. Proto [Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K dated September 3, 1996].

10.13 - Employment Agreement between the Registrant and Earl E. DeFrates [Incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

10.14 - Employment Agreement between the Registrant and Gregory T. Sangalis [Incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-4, File No. 33-59259].

10.15 - Consulting and Non-compete Agreement dated June 25, 1995, among the Registrant, between the Registrant and John G. Rangos, Sr. [Incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].

10.16 - Employment Agreement dated June 25, 1995, between the Registrant and Alexander W. Rangos [Incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].

10.17 - Employment Agreement dated December 18, 1995, between the Registrant and Kosti Shirvanian [Incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995].

10.18 - Amended and Restated Revolving Credit Agreement dated as of March 5, 1997, among the Registrant, its subsidiaries, Bank of America Illinois, Morgan Guaranty Trust Company of New York, and J. P.

Morgan Canada.

11.1 - Computation of Earnings (Loss) Per Common Share.

21.1 - Subsidiaries of the Registrant.

23.1 - Consent of Coopers & Lybrand L.L.P.

24.1 - Form 10-K Limited Power of Attorney.

27.1 - Financial Data Schedule.

EXHIBIT 10.18

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

dated as of March 5, 1997

by and among

USA WASTE SERVICES, INC.,
(the "Company")
SANIFILL, INC.
("Sanifill")
CANADIAN WASTE SERVICES INC.
("CWS")

and

BANK OF AMERICA ILLINOIS
("BAI")
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
("MGT")
J.P. MORGAN CANADA
("MBC")
and the other financial institutions which become
a party to this agreement

(Collectively, the "Banks")
and
MGT as Administrative Agent and Documentation Agent
and
MBC as Canadian Agent
(Collectively, the "Bank Agents")

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AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

This AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT is made as of the 5th day of March, 1997, by and among USA WASTE SERVICES, INC., a Delaware corporation having its chief executive office at 1001 Fannin Street, First City Tower, Suite 4000, Houston, Texas 77002 (the "Company"), CANADIAN WASTE SERVICES INC., a Canadian corporation having its chief executive office at 3525 Mavis Road, Mississauga, Ontario L5C 1T7 ("CWS"), SANIFILL, INC., a Delaware corporation having its chief executive office at 1001 Fannin Street, First City Tower, Suite 4000, Houston, Texas 77002 ("Sanifill"), and BANK OF AMERICA ILLINOIS, an Illinois banking corporation having its principal place of business at 231 South LaSalle Street Chicago, IL 60697 ("BAI"), MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York state banking association having its principal place of business at 60 Wall Street, New York, New York 10260 ("MGT"), J.P. MORGAN CANADA, a bank incorporated in Canada having its principal place of business at Royal Bank Plaza, Suite 2200, South Tower, Toronto, Ontario M5J 2J2 ("MBC"), and each of the other financial institutions party hereto, and MGT as administrative agent (the "Administrative Agent") and documentation agent (the "Documentation Agent") and MBC as Canadian agent (the "Canadian Agent", and together with the Administrative Agent and the Documentation Agent, the "Bank Agents").

W I T N E S S E T H:

WHEREAS, the Borrowers, Sanifill, the Bank Agents (as defined in the Original Credit Agreement referred to below), BAI and certain of the Banks (collectively, the "Original Parties") are party to that certain Amended and Restated Revolving Credit Agreement dated as of August 30, 1996, by and among the Original Parties (as amended by the First Amendment to Amended and Restated Revolving Credit Agreement dated as of December 9, 1996, the "Original Credit Agreement"); and

WHEREAS, the Company has requested, among other things, additional financing and the Banks are willing to provide such financing on the terms and conditions set forth herein to replace the Original Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree, and the Original Parties have acknowledged, that on the Closing Date the Original Credit Agreement shall be

terminated and replaced and superseded by this Credit Agreement, the terms of which are as follows:

Section 1. DEFINITIONS AND RULES OF INTERPRETATION.

Section 1.1 DEFINITIONS. The following terms shall have the meanings set forth in this Section 1 or elsewhere in the provisions of this

Agreement referred to below:

Absolute Competitive Bid Loan(s). See Section 5.3(a).

Acceptance Fee. See Section 3.3.

Accountants. See Section 8.4(a).

Administrative Agent. See Preamble.

Affected Bank. See Section 6.12.

Agents. BAI, BancAmerica Securities, Inc. and J.P. Morgan Securities Inc.

Agreement. This Amended and Restated Revolving Credit Agreement, including the Schedules and Exhibits hereto, as from time to time amended and supplemented in accordance with the terms hereof.

Allied. Allied Waste Industries, Inc., a Delaware corporation.

Allied Acquisition. The acquisition by the Company and CWS of all the outstanding shares of Laidlaw Waste Systems Ltd. and Laidlaw Waste Systems (Canada) Ltd. from Allied, Allied Waste Holdings (Canada) Ltd. and Laidlaw Waste Systems, Inc. pursuant to the terms of the Allied Purchase Agreement.

Allied Purchase Agreement. The Share Purchase Agreement dated as of January 15, 1997, among the Company, CWS, Allied, Allied Waste Holdings (Canada) Ltd., and Laidlaw Waste Systems, Inc.

Applicable BA Discount Rate. As applicable to a Bankers' Acceptance being purchased by any Canadian Bank on any day, the percentage discount rate (expressed to two decimal places and rounded upward, if necessary, to the nearest 1/100th of 1%) quoted by the Canadian Agent as the percentage discount rate at which the Canadian Agent would, in accordance with normal practice, at or about 10:00 a.m. (New York time), on such day, be prepared to purchase bankers' acceptances accepted by such Canadian Bank in an amount and having a maturity date comparable to the amount and maturity date of such Bankers' Acceptance.

Applicable Canadian Pension Legislation. At any time, any pension or retirement benefits legislation (be it federal, provincial, territorial, or otherwise) then applicable to any of the Canadian Borrowers, including the Pension Benefits Act (Ontario), the Income Tax Act (Canada), and all regulations made thereunder.

Applicable Eurodollar Rate. The applicable rate per annum of interest on the Eurodollar Loans shall be as set forth in the Pricing Table.

Applicable Facility Rate. The applicable rate per annum with respect to the Facility Fee shall be as set forth in the Pricing Table.

Applicable L/C Rate. The applicable rate per annum on the Maximum Drawing Amount shall be as set forth in the Pricing Table.

Applicable Requirements. See Section 8.10.

Applicable Swing Line Rate. The annual rate of interest agreed upon from time to time by MGT and the Company with respect to Swing Line Loans.

Assignment and Acceptance. See Section 20.

BA Discount Proceeds. With respect to any Bankers' Acceptance to be accepted and purchased by a Canadian Bank, an amount (rounded to the nearest whole Canadian cent, and with one-half of one Canadian cent being rounded up) calculated on such day by multiplying (a) the face amount of such Bankers'

Acceptance times (b) the quotient equal to (such quotient being rounded up or down to the nearest fifth decimal place and .000005 being rounded up) (i) one divided by (ii) the sum of (A) one plus (B) the product of (1) the Applicable BA Discount Rate (expressed as a decimal) applicable to such Bankers' Acceptance times (2) the quotient equal to (aa) the number of days remaining in the term of such Bankers' Acceptance divided by (bb) the number of days in the calendar year in which such Bankers' Acceptance is to mature.

BAI. See Preamble.

Balance Sheet Date. December 31, 1995.

Bank Agents. See Preamble.

Bankers' Acceptance or BA. A bill of exchange denominated in Canadian Dollars drawn by the Canadian Borrowers on and accepted by a Canadian Bank pursuant to Section 3 hereof.

Bankers' Acceptance Notice. See Section 3.1.

Banks. Collectively, the Canadian Banks and the Domestic Banks.

Base Rate. The higher of (a) the annual rate of interest announced from time to time by the Administrative Agent at its Head Office as its "prime rate" (it being understood that such rate is a reference rate and not necessarily the lowest rate of interest charged by the Administrative Agent), or (b) one percent (1%) above the Overnight Federal Funds Effective Rate.

Base Rate Loans. Syndicated Loans bearing interest calculated by reference to the Base Rate.

Borrower(s). The Company with respect to Domestic Loans and Domestic Letters of Credit, and each of the Canadian Borrowers, jointly and severally, with respect to Canadian Loans, Canadian Letters of Credit and Bankers' Acceptances.

Business Day. Any day, other than a Saturday, Sunday or any day on which banking institutions in New York, New York are authorized by law to close, and, when used in connection with (a) a Eurodollar Loan, a Eurodollar Business Day, and (b) a Canadian Loan or Bankers' Acceptance, a Canadian Business Day.

Canadian Agent. See Preamble.

Canadian Banks. The Banks to be set forth on Schedule 2, in accordance with Section 2.3 hereof, acting in their role as makers of Canadian Loans or as participants with respect to Canadian Letters of Credit or purchasers of Bankers' Acceptances.

Canadian Base Rate. The higher of (a) the annual rate of interest announced from time to time by the Canadian Agent as its "prime rate" for US$ commercial loans to borrowers in Canada (it being understood that such rate is a reference rate and not necessarily the lowest rate of interest charged by the Canadian Agent), or (b) one percent (1%) above the Overnight Federal Funds Effective Rate.

Canadian Base Rate Loan. A Canadian Loan that accrues interest calculated by reference to the Canadian Base Rate.

Canadian Borrowers. Initially, CWS, and from and after the date hereof, CWS and such other Subsidiaries of the Company as the Borrowers and the Bank Agents shall mutually agree to add as Canadian Borrowers hereunder after

the date hereof.

Canadian Business Day. Any day, other than a Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are authorized by law to close.

Canadian Commitment. With respect to each Canadian Bank, the amount to be set forth on Schedule 2 hereto as the amount of such Canadian Bank's commitment to make Canadian Loans to, and to participate in the issuance, extension and renewal of Canadian Letters of Credit and Bankers' Acceptances for the account of, the Canadian Borrowers, as the same may be increased or reduced from time to time; or if such commitment is terminated pursuant to the provisions hereof, zero.

Canadian Commitment Percentage. With respect to each Canadian Bank, the percentage set forth next to such Canadian Bank's name on Schedule 2 hereto, as the same may be adjusted in accordance with Section 2.3 and Section 20.

Canadian Dollar Equivalent. With respect to an amount of U.S. Dollars on any date, the amount of Canadian Dollars that may be purchased with such amount of U.S. Dollars at the Exchange Rate with respect to U.S. Dollars on such date.

Canadian Dollars or C$. Dollars designated as lawful currency of Canada.

Canadian Letters of Credit. Standby Letters of Credit issued or to be issued by the Issuing Bank under Section 4 hereof for the account of the Canadian Borrowers.

Canadian Loan Request. See Section 2.6(b).

Canadian Loans. Canadian Base Rate Loans, Canadian Prime Rate Loans and Eurodollar Loans advanced pursuant to Section 2.1(b) and Section 2.1(c).

Canadian Notes. See Section 2.4(b).

Canadian Prime Rate. The higher of (a) the annual rate of interest announced from time to time by the Canadian Agent at its Head Office as its "prime rate" for C$ denominated commercial loans to borrowers in Canada (it being understood that such rate is a reference rate and not necessarily the lowest rate of interest charged by the Canadian Agent), or (b) the sum of (i) the CDOR Rate plus (ii) 1% per annum.

Canadian Prime Rate Loan. A Canadian Loan funded in Canadian Dollars that accrues interest calculated by reference to the Canadian Prime Rate.

Capitalized Leases. Leases under which the Company or any of its Subsidiaries is the lessee or obligor, the discounted future rental payment obligations under which are required to be capitalized on the balance sheet of the lessee or obligor in accordance with GAAP.

CDOR Rate. The annual rate of interest equal to the average 30-day rate applicable to Canadian bankers' acceptances appearing on the "Reuters Screen CDOR Page" (as defined in the International Swap Dealers Association,

Inc. (1991 ISDA) definitions, as modified and amended from time to time) as of 10:00 a.m. (New York time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day; provided that if such rate does not appear on the Reuters' Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be calculated as the arithmetic mean of the 30-day rates applicable to Canadian bankers' acceptances quoted by the Canadian Banks which are listed in Schedule I to the Bank Act (Canada) as of 10:00 a.m. (New York time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day.

CERCLA. See Section 7.15(a).

Certified or certified. With respect to the financial statements of any Person, such statements as audited by a firm of independent auditors, whose report expresses the opinion, without qualification, that such financial statements present fairly the financial position of such Person.

CFO or the CAO. See Section 8.4(b).

Closing Date. The date on which the conditions precedent set forth in Section 11 hereof are satisfied.

Code. The Internal Revenue Code of 1986, as amended and in effect from time to time.

Commitment. With respect to any Bank, its Domestic Commitment and/or Canadian Commitment(s).

Company. See Preamble.

Competitive Bid Loan(s). A borrowing hereunder consisting of one or more loans made by any of the participating Domestic Banks whose offer to make a Competitive Bid Loan as part of such borrowing has been accepted by the Company under the auction bidding procedure described in Section 5 hereof.

Competitive Bid Loan Accounts. See Section 5.2(a).

Competitive Bid Margin. See Section 5.5(b)(iv).

Competitive Bid Notes. See Section 5.2(b).

Competitive Bid Quote. An offer by a Domestic Bank to make a Competitive Bid Loan in accordance with Section 5.5 hereof.

Competitive Bid Quote Request. See Section 5.3.

Competitive Bid Rate. See Section 5.5(b)(v).

Compliance Certificate. See Section 8.4(c).

Consolidated or consolidated. With reference to any term defined herein, shall mean that term as applied to the accounts of the Company and its Subsidiaries consolidated in accordance with GAAP.

Consolidated Earnings Before Interest and Taxes, or EBIT. For any period, the Consolidated Net Income (or Deficit) of the Company and its Subsidiaries on a consolidated basis plus the sum of (1) interest expense, (2) income taxes, (3) up to $39,000,000 in pooling charges actually incurred with respect to the Western Waste Merger taken as a special charge in the quarter ending June 30, 1996, (4) up to $82,556,000 in pooling charges actually incurred with respect to the Sanifill Merger, taken as a special charge in the quarter ending September 30, 1996, and (5) up to $50,848,000 in extraordinary charges actually incurred in the quarter ending September 30, 1996, to the extent that each of items (1) through (5) was deducted in determining

Consolidated Net Income (or Deficit) in the relevant period; provided, however, that EBIT shall not include (A) extraordinary gains from tax credits occurring in any quarter commencing with the quarter ending September 30, 1996, or (B) any cash reimbursements or payments received with respect to item (5).

Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization or EBITDA. For any period, EBIT plus (a) depreciation expense, and (b) amortization expense to the extent the same would be included in the calculation of EBIT for such period, determined in accordance with GAAP.

Consolidated Net Income (or Deficit). The consolidated net income (or deficit) of the Company and its Subsidiaries on a consolidated basis, after deduction of all expenses, taxes, and other proper charges, determined in accordance with GAAP.

Consolidated Net Worth. The sum of the par value of the capital stock (excluding treasury stock), capital in excess of par or stated value of shares of capital stock, retained earnings (minus accumulated deficit) and any other account which, in accordance with GAAP, constitute stockholders' equity, of the Company and its Subsidiaries determined on a consolidated basis, excluding any effect of foreign currency transaction computed pursuant to Financial Accounting Standards Board Statement No. 52, as amended, supplemented or modified from time to time, or otherwise in accordance with GAAP.

Consolidated Tangible Assets. Consolidated Total Assets less the sum of:

(a) the total book value of all assets of the Company and its Subsidiaries properly classified as intangible assets under generally accepted accounting principles, including such items as goodwill, the purchase price of acquired assets in excess of the fair market value thereof, trademarks, trade names, service marks, customer lists, brand names, copyrights, patents and licenses, and rights with respect to the foregoing; plus

(b) all amounts representing any write-up in the book value of any assets of the Company or its Subsidiaries resulting from a revaluation thereof subsequent to the Balance Sheet Date.

Consolidated Total Assets. All assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

Consolidated Total Capitalization. The sum of Funded Debt plus Consolidated Net Worth.

Consolidated Total Interest Expense. For any period, the aggregate amount of interest expense required by GAAP to be paid or accrued during such period on all Indebtedness of the Company and its Subsidiaries outstanding during all or any part of such period, including capitalized interest expense for such period.

CWS. See Preamble.

Defaults. See Section 13.1.

Defaulting Bank. See Section 6.12.

Disposal. See "Release".

Distribution. The declaration or payment of any dividend or other return on equity on or in respect of any shares of any class of capital stock, any partnership interests or any membership interests of any Person, other than dividends or other such returns payable solely in shares of common stock,

partnership interests or membership units of such Person, as the case may be; the purchase, redemption, or other retirement of any shares of any class of capital stock, partnership interests or membership units of such Person, directly or indirectly through a Subsidiary or otherwise; the return of equity capital by any Person to its shareholders, partners or members as such; or any other distribution on or in respect of any shares of any class of capital stock, partnership interest or membership unit of such Person.

Documentation Agent. See Preamble.

Dollars or US$ or $ or U.S. Dollars. Dollars in lawful currency of the United States of America.

Dollar Equivalent. With respect to an amount of Canadian Dollars on any date, the amount of U.S. Dollars that may be purchased with such amount of Canadian Dollars at the Exchange Rate with respect to Canadian Dollars on such date.

Domestic Banks. The Banks set forth on Schedule 1, acting in their role as makers of Domestic Loans or as participants with respect to Domestic Letters of Credit.

Domestic Commitment. With respect to each Domestic Bank, the amount set forth on Schedule 1 hereto as the amount of such Domestic Bank's commitment to make Syndicated Loans to, and to participate in the issuance, extension and renewal of Domestic Letters of Credit for the account of, the Borrowers, as the same may be reduced from time to time; or if such commitment is terminated pursuant to the provisions hereof, zero.

Domestic Commitment Percentage. With respect to each Domestic Bank, the percentage initially set forth next to such Domestic Bank's name on Schedule 1 hereto, as the same may be adjusted in accordance with Section 2.3 and Section 20.

Domestic Letters of Credit. Standby or direct pay Letters of Credit issued or to be issued by the Issuing Bank under Section 4 hereof for the account of the Company.

Domestic Loans. Collectively, the Syndicated Loans, the Swing Line Loans and the Competitive Bid Loans.

Drawdown Date. The date on which any Loan is made or is to be made.

EBIT. See definition of Consolidated Earnings Before Interest and Taxes.

EBITDA. See definition of Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization.

Eligible Canadian Assignee. Any institutional lender which is (i) a bank named in Schedule I or Schedule II to the Bank Act (Canada) having total assets in excess of C$500,000,000 or (ii) any other Bank approved by the Bank Agents and the Borrowers, which approval shall not be unreasonably withheld.

Employee Benefit Plan. Any employee benefit plan within the meaning of Section 3(3) of ERISA or Applicable Canadian Pension Legislation maintained or

contributed to by the Company, any of its Subsidiaries, or any ERISA Affiliate, other than a Multiemployer Plan.

Environmental Laws. See Section 7.15(a).

EPA. See Section 7.15(b).

ERISA. The Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

ERISA Affiliate. Any Person which is treated as a single employer with the Company or any of its Subsidiaries under Section 414 of the Code.

ERISA Reportable Event. A reportable event within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder with respect to a Guaranteed Pension Plan as to which the requirement of notice has not been waived.

Eurocurrency Reserve Rate. For any day with respect to a Eurodollar Loan, the maximum rate (expressed as a decimal) at which any lender subject thereto would be required to maintain reserves under Regulation D of the Board of Governors of the Federal Reserve System (or any successor or similar regulations relating to such reserve requirements) against "Eurocurrency Liabilities" (as that term is used in Regulation D), if such liabilities were outstanding. The Eurocurrency Reserve Rate shall be adjusted automatically on and as of the effective date of any change in the Eurocurrency Reserve Rate.

Eurodollar Business Day. Any day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Administrative Agent in its sole discretion acting in good faith.

Eurodollar Interest Determination Date. For any Interest Period, the date two Eurodollar Business Days prior to the first day of such Interest Period.

Eurodollar Lending Office. Initially, the office of each Bank designated as such in Schedule 1 and Schedule 2 hereto; thereafter, upon notice to the Administrative Agent, such other office of such Bank that shall be making or maintaining Eurodollar Loans.

Eurodollar Loans. Syndicated Loans and Canadian Loans bearing interest calculated by reference to the Eurodollar Rate.

Eurodollar Rate. For any Interest Period with respect to a Eurodollar Loan, the rate of interest equal to (i) the arithmetic average of the rates per annum for each Reference Bank at which such Reference Bank's Eurodollar

Lending Office is offered Dollar deposits at approximately 10:00 a.m. (New York time) two Eurodollar Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar operations of such Eurodollar Lending Office are customarily conducted, for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar Rate Loan of such Reference Bank to which such Interest Period applies, divided by (ii) a number equal to 1.00 minus the Eurocurrency Reserve Rate, if applicable (rounded upwards to the nearest 1/16 of one percent).

Events of Default. See Section 13.1.

Exchange Rate. On any day, (a) with respect to Canadian Dollars in relation to U.S. Dollars, the spot rate as quoted by the Bank of Canada as its

noon spot rate at which U.S. Dollars are offered on such day for Canadian Dollars, and (b) with respect to U.S. Dollars in relation to Canadian Dollars, the spot rate as quoted by the Bank of Canada as its noon spot rate at which Canadian Dollars are offered on such day for U.S. Dollars.

Facility Fee. See Section 2.2.

Funded Debt. Consolidated Indebtedness of the Company and its Subsidiaries for borrowed money and guarantees of debt for borrowed money recorded on the Consolidated balance sheet of the Company and its Subsidiaries, including the amount of any Indebtedness of such Persons for Capitalized Leases which corresponds to principal.

generally accepted accounting principles or GAAP. (i) When used in Section 10, whether directly or indirectly through reference to a capitalized term used therein, means (A) principles that are consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, in effect for the fiscal year ended on the Balance Sheet Date, and (B) to the extent consistent with such principles, the accounting practice of the Company reflected in its financial statements for the year ended on the Balance Sheet Date, and (ii) when used in general, other than as provided above, means principles that are (A) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (B) consistently applied with past financial statements of the Company adopting the same principles, provided that in each case referred to in this definition of "generally accepted accounting principles" a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) as to financial statements in which such principles have been properly applied.

Guaranteed Obligations. See Section 29.1.

Guaranteed Pension Plan. Any employee pension benefit plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Company, its Subsidiaries or any ERISA Affiliate the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

Guarantors. Each of Sanifill, with respect to the Obligations of the Borrowers, and the Company, with respect to the Obligations of the Canadian Borrowers only.

Hazardous Substances. See Section 7.15(b).

Head Office. When used in connection with the Administrative Agent, the Administrative Agent's head office located in New York, New York, or at such other location as the Administrative Agent may designate from time to time, and when used in connection with the Canadian Agent, the Canadian Agent's head office located in Toronto, Ontario, or at such other location as the Canadian Agent may designate from time to time.

Increased Banks. See Section 2.3(c).

Indebtedness. Collectively without duplication, whether classified as Indebtedness, an Investment or otherwise on the obligor's balance sheet, (a) all indebtedness for borrowed money, (b) all obligations for the deferred purchase price of property or services (other than trade payables not overdue by more than ninety (90) days incurred in the ordinary course of business), (c) all obligations evidenced by notes, bonds, debentures or other similar debt instruments, (d) all obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired (even though the rights and remedies of the seller or lender under such agreement in

the event of default are limited to repossession or sale of such property), (e) all obligations, liabilities and indebtedness under Capitalized Leases, (f) all obligations, liabilities or indebtedness (contingent or otherwise) under surety, performance bonds or any other bonding arrangements, (g) all Indebtedness of others referred to in clauses (a) through (f) above which is guaranteed, or in effect guaranteed, directly or indirectly in any manner, including through an agreement (A) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (B) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling any Person to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (C) to supply funds to or in any other manner invest in any Person (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (D) otherwise to assure any Person against loss, and (h) all Indebtedness referred to in clauses (a) through (g) above secured or

supported by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured or supported by) any lien or encumbrance on (or other right of recourse to or against) property (including, without limitation, accounts and contract rights), even though the owner of the property has not assumed or become liable, contractually or otherwise, for the payment of such Indebtedness.

Interest Period. With respect to each Loan (a) initially, the period commencing on the Drawdown Date of such Loan and ending on the last day of one of the periods set forth below, as selected by the applicable Borrower(s) in accordance with this Agreement (i) for any Base Rate Loan, Swing Line Loan, Canadian Base Rate Loan or Canadian Prime Rate Loan, the last day of the month; (ii) for any Eurodollar Loan, 1, 2, 3, or 6 months; (iii) for any Absolute Competitive Bid Loan, from 7 through 180 days; and (iv) for any LIBOR Competitive Bid Loan, 1, 2, 3, 4, 5, or 6 months; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Loan and ending on the last day of one of the periods set forth above, as selected by the applicable Borrower(s) in accordance with this Agreement; provided that any Interest Period which would otherwise end on a day which is not a Business Day shall be deemed to end on the next succeeding Business Day; provided further that for any Interest Period for any Eurodollar Loan or LIBOR Competitive Bid Loan, if such next succeeding Business Day falls in the next succeeding calendar month, such Interest Period shall be deemed to end on the next preceding Business Day; and provided further that no Interest Period shall extend beyond the Maturity Date.

Interim Balance Sheet Date. September 30, 1996.

Investments. All expenditures made by a Person and all liabilities incurred (contingently or otherwise) by a Person for the acquisition of stock (other than the stock of wholly owned Subsidiaries), pre-payments for use of landfill air space in excess of usual and customary industry practice, or Indebtedness of, or for loans, advances, capital contributions or transfers of property to, or in respect of any guaranties or other commitments as described under Indebtedness, or obligations of, any other Person, including without limitation, the funding of any captive insurance company (other than loans, advances, capital contributions or transfers of property to any wholly owned Subsidiaries or guaranties with respect to Indebtedness of wholly owned Subsidiaries). In determining the aggregate amount of Investments outstanding at any particular time: (a) the amount of any Investment represented by a guaranty shall be taken at not less than the principal amount of the obligations guaranteed and still outstanding; (b) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid; (c) there shall be deducted in respect of each such Investment any amount received as a return of capital (but only by

repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution); (d) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (b) may be deducted when paid; and (e) there shall not be deducted from the aggregate amount of Investments any decrease in the value thereof.

Issuance Fee. See Section 4.6.

Issuing Banks. The Bank(s) issuing Letters of Credit, which shall be (a) with respect to Domestic Letters of Credit, The First National Bank of Boston, MGT, BAI, Texas Commerce Bank, National Association, and Fleet Bank, N.A., (b) with respect to Canadian Letters of Credit, MBC, and (c) such other Banks as agreed to by the applicable Borrower(s) and the Bank Agents.

Letter of Credit Applications. Letter of credit applications in such form as may be agreed upon by the applicable Borrower(s) and the Issuing Bank from time to time which are entered into pursuant to Section 4 hereof, as such Letter of Credit Applications are amended, varied or supplemented from time to time; provided, however, in the event of any conflict or inconsistency between the terms of any Letter of Credit Application and this Agreement, the terms of this Agreement shall control.

Letter of Credit Fee. See Section 4.6.

Letter of Credit Participation. See Section 4.1(c).

Letters of Credit. Domestic Letters of Credit and Canadian Letters of Credit.

LIBOR Competitive Bid Loan(s). See Section 5.3(a).

LIBOR Rate. For any Interest Period with respect to a LIBOR Competitive Bid Loan, (a) the rate of interest equal to the rate determined by the Administrative Agent at which Dollar deposits for such Interest Period are offered based on information presented on Telerate Page 3750 as of 11:00 a.m. (London time) two (2) Eurodollar Business Days prior to the first day of such Interest Period, or (b) if such rate is not shown at such place, the rate of interest equal to (i) the arithmetic average of the rates per annum for each Reference Bank at which such Reference Bank's Eurodollar Lending Office is offered Dollar deposits two Eurodollar Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar operations of such Eurodollar Lending Office are customarily conducted, for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar

Loan of such Reference Bank to which such Interest Period applies, divided by (ii) a number equal to 1.00 minus the Eurocurrency Reserve Rate, if applicable (rounded upwards to the nearest 1/16 of one percent).

Loan Documents. This Agreement, the Notes, the Letter of Credit Applications, the Letters of Credit, the Bankers' Acceptances and any documents, instruments or agreements executed in connection with any of the foregoing, each as amended, modified, supplemented, or replaced from time to time.

Loans. Collectively, the Domestic Loans made by the Domestic Banks and the Canadian Loans made by the Canadian Banks.

Majority Banks. The Banks with fifty-one percent (51%) of the Total Commitment; provided that in the event that the Total Commitment has been terminated, the Majority Banks shall be the Banks holding fifty-one percent (51%) of the aggregate outstanding principal amount of the Obligations on such date.

Material Subsidiary. Any Subsidiary which, at the time such determination is made, (a) has assets, revenues, or liabilities equal to at least $8,000,000, or (b) is the holder of or the applicant for a permit to operate a solid waste facility pursuant to RCRA or any analogous state law.

Maturity Date. February 28, 2002.

Maximum Drawing Amount. The maximum aggregate amount from time to time that the beneficiaries may draw under outstanding Letters of Credit.

MBC. See Preamble.

MGT. See Preamble.

Mid-American. Mid-American Waste Systems, Inc., a Delaware corporation.

Mid-American Acquisition. The acquisition by the Company of certain assets, properties and business of Mid-American and certain of its subsidiaries pursuant to the terms of the Mid-American Asset Purchase Agreement.

Mid-American Asset Purchase Agreement. The Asset Purchase Agreement dated as of January 21, 1997, among the Company, Mid-American and certain subsidiaries of Mid-American as amended and in effect on the Closing Date.

Moody's. Moody's Investors Service, Inc.

Multiemployer Plan. Any multiemployer plan within the meaning of Section 3(37) of ERISA maintained or contributed to by the Company, any of its Subsidiaries, or any ERISA Affiliate.

New Lending Office. See Section 6.1(c).

Non-U.S. Bank. See Section 6.1(b).

Notes. Collectively, the Competitive Bid Notes, the Syndicated Notes, the Swing Line Note, and the Canadian Notes.

Obligations. All indebtedness, obligations and liabilities of the Borrowers to any of the Banks and the Bank Agents arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or Reimbursement Obligations incurred or the Letters of Credit, the Bankers' Acceptances, the Notes, or any other instrument at any time evidencing any thereof individually or collectively, existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise.

Original Credit Agreement. See Recitals.

Original Parties. See Recitals.

Overnight Federal Funds Effective Rate. The overnight federal funds

effective rate as published by the Board of Governors of the Federal Reserve System, as in effect from time to time.

PBGC. The Pension Benefit Guaranty Corporation created by Section 4002 of ERISA and any successor entity or entities having similar responsibilities.

Permitted Liens. See Section 9.2.

Person. Any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated association, business, or other legal entity, and any government or any governmental agency or political subdivision thereof.

Pricing Table:

Level	Senior Public Debt Rating	Applicable Facility Rate	Applicable L/C Rate	Applicable Eurodollar Rate
1	At least BBB+ by Standard & Poor's or at least Baa1 by Moody's	0.1100% per annum	0.2400% per annum	Eurodollar Rate plus 0.2400% per annum
2	At least BBB by Standard & Poor's or at least Baa2 by Moody's	0.1500% per annum	0.3000% per annum	Eurodollar Rate plus 0.3000% per annum
3	At least BBB- by Standard & Poor's or at least Baa3 by Moody's	0.2000% per annum	0.3500% per annum	Eurodollar Rate plus 0.3500% per annum
4	At least BB+ by Standard & Poor's or at least Ba1 by Moody's	0.2500% per annum	0.6250% per annum	Eurodollar Rate plus 0.6250% per annum
5	If no other level applies	0.3750% per annum	0.7500% per annum	Eurodollar Rate plus 0.7500% per annum

The applicable rates charged for any day shall be determined by the Senior Public Debt Rating in effect as of that day.

Prudential Private Placement Debt. Indebtedness of the Company and Sanifill arising under (a) that certain Amended and Restated Note Agreement dated as of August 28, 1996 by and among the Company, Sanifill and The Prudential Insurance Company of America and (b) that certain Amended and Restated Master Shelf Agreement dated as of August 28, 1996 by and among the Company, Sanifill and The Prudential Insurance Company of America, as each shall be amended through the Closing Date, and may be further amended, restated, supplemented, or otherwise modified with the consent of the Bank Agents.

RCRA. See Section 7.15(a).

Real Property. All real property heretofore, now, or hereafter owned, operated, or leased by the Company or any of its Subsidiaries.

Reallocation Fee. See Section 2.3(d).

Reduced Banks. See Section 2.3(c).

Reference Banks. BAI and MGT.

Refunding Bankers' Acceptance. See Section 3.2.

Reimbursement Obligation. The Company's obligation to reimburse the Issuing Bank and the Domestic Banks on account of any drawing under any Domestic Letter of Credit and the Canadian Borrowers' joint and several obligation to reimburse the Issuing Bank and the Canadian Banks on account of any drawing under any Canadian Letter of Credit, all as provided in Section 4.2.

Release. Shall have the meaning specified in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sub Section 9601 et seq. ("CERCLA") and the term "Disposal" (or "Disposed") shall have the meaning specified in the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sub Section 6901 et seq. ("RCRA") and regulations promulgated thereunder; provided, that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment and provided further, to the extent that the laws of Canada or a state, province, territory or other political subdivision thereof wherein the property lies establish a meaning for "Release" or "Disposal" which is broader than specified in either CERCLA, or RCRA, such broader meaning shall apply to the Company's or any of its Subsidiaries' activities in that state, province, territory or political subdivision.

Replacement Bank. See Section 6.12.

Replacement Notice. See Section 6.12.

Sanifill. See Preamble.

Sanifill Merger. The merger of Sanifill and Quatro Acquisition Corp., a Subsidiary of the Company, pursuant to the terms of the Sanifill Merger Agreement.

Sanifill Merger Agreement. The Agreement and Plan of Merger dated as of June 22, 1996 between Sanifill, the Company and Quatro Acquisition Corp.

Sanifill Convertible Subordinated Debt. The Indebtedness arising under that certain Indenture dated as of March 1, 1996, by and between Sanifill and Texas Commerce Bank National Association as Trustee, as in effect on the date hereof, provided, that the Obligations and the Guaranteed Obligations shall be "Senior Indebtedness" thereunder.

Senior Public Debt Rating. The rating(s) of the Company's public unsecured long-term senior debt, without third party credit enhancement, issued by Moody's and/or Standard & Poor's; or in the event no public unsecured long-term senior debt is outstanding, the rating(s) of this credit facility issued by Moody's and/or Standard & Poor's upon the request of the Company; provided that until such time as the Company receives such rating(s) on such public unsecured long-term senior debt or this credit facility, the Company's corporate credit rating by Standard & Poor's shall apply.

Standard & Poor's. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Subsidiary. Any corporation, association, trust, or other business

entity of which the designated parent shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority of the outstanding capital stock or other interest entitled to vote generally.

Swing Line Loans. See Section 2.11(a).

Swing Line Note. See Section 2.11(a).

Swing Line Settlement Amount. See Section 2.11(b).

Swing Line Settling Bank. See Section 2.11(b).

Swing Line Settlement Date. See Section 2.11(b).

Swing Line Settlement. The making or receiving of payments, in immediately available funds, by the Domestic Banks to or from the Administrative Agent in accordance with Section 2.11 hereof to the extent necessary to cause each Domestic Bank's actual share of the outstanding amount of the Syndicated Loans to be equal to such Domestic Bank's Domestic Commitment Percentage of the outstanding amount of such Syndicated Loans, in any case when, prior to such action, the actual share is not so equal.

Syndicated Loan Request. See Section 2.6(a).

Syndicated Loans. A borrowing hereunder consisting of one or more loans made by the Domestic Banks to the Company under the procedure described in Section 2.1(a), Section 2.1(c) and Section 2.11 hereof.

Syndicated Notes. See Section 2.4(a).

Total Canadian Commitment. See Section 2.1(b).

Total Commitment. The sum of the Total Canadian Commitment and the Total Domestic Commitment, which amount shall not exceed $1,600,000,000, and is subject to reductions as set forth herein.

Total Commitment Percentage. The percentage initially set forth next to each Bank's name on Schedule 3 hereto, as the same may be adjusted in accordance with Section 2.3 or Section 20 of this Agreement.

Total Domestic Commitment. See Section 2.1(a).

U.S.Dollar Equivalent. With respect to an amount of Canadian Dollars, on any date, the amount of U.S. Dollars that may be purchased with such amount of Canadian Dollars at the Exchange Rate with respect to Canadian Dollars on such date.

Western Waste. Western Waste Industries, Inc., a California corporation.

Western Waste Merger. The merger of Western Waste and Riviera Acquisition Corporation, a Subsidiary of the Company, pursuant to the terms of the Western Waste Merger Agreement.

Western Waste Merger Agreement. The Agreement and Plan of Merger dated as of December 18, 1995 between Western Waste, the Company and Riviera Acquisition Corporation.

Section 1.2. RULES OF INTERPRETATION.

(a) A reference to any document or agreement (including

this Agreement) shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms and the terms of this Agreement.

(b) The singular includes the plural and the plural includes the singular.

(c) A reference to any law includes any amendment or modification to such law.

(d) A reference to any Person includes its permitted successors and permitted assigns.

(e) Accounting terms capitalized but not otherwise defined herein have the meanings assigned to them by generally accepted accounting principles applied on a consistent basis by the accounting entity to which they refer.

(f) The words "include", "includes" and "including" are not limiting.

(g) All terms not specifically defined herein or by generally accepted accounting principles, which terms are defined in the Uniform Commercial Code as in effect in the State of New York, have the meanings assigned to them therein.

(h) Reference to a particular "Section" refers to that section of this Agreement unless otherwise indicated.

(i) The words "herein", "hereof", "hereunder" and words of like import shall refer to this Agreement as a whole and not to any particular section or subdivision of this Agreement.

SECTION 2. THE LOAN FACILITIES.

SECTION 2.1. COMMITMENT TO LEND.

(a) Subject to the terms and conditions set forth in this Agreement, each of the Domestic Banks severally agrees to lend to the Company and the Company may borrow, repay, and reborrow from time to time between the Closing Date and the Maturity Date, upon notice by the Company to the Administrative Agent given in accordance with this Section 2, its Domestic Commitment Percentage of the Syndicated Loans as are requested by the Company; provided that the sum of the outstanding principal amount of the Syndicated Loans (including the Swing Line Loans) and the Maximum Drawing Amount of outstanding Domestic Letters of Credit shall not exceed a maximum aggregate amount outstanding of (i) $1,600,000,000 as such amount may be reduced pursuant to Section 2.3 hereof (the "Total Domestic Commitment"), minus (ii) the aggregate amount of Competitive Bid Loans outstanding at such time.

(b) Subject to the terms and conditions set forth in this Agreement, each of the Canadian Banks severally agrees to lend to the Canadian Borrowers, and the Canadian Borrowers may borrow, repay, and reborrow from time to time between the Closing Date and the Maturity Date, upon notice by the Canadian Borrowers to the Canadian Agent given in accordance with this Section 2, its Canadian Commitment Percentage of the Canadian Loans as are requested by the Canadian Borrowers; provided that the sum of the outstanding principal amount of the Canadian Loans, the aggregate face amount of all outstanding Bankers' Acceptances accepted and purchased, and the Maximum Drawing Amount of outstanding Canadian Letters of Credit shall not exceed a maximum aggregate amount outstanding equal to $0 initially, as such amount may be increased to an aggregate maximum amount of $100,000,000 or reduced pursuant to Section 2.3 hereof (the "Total Canadian Commitment").

(c) Each request for a Loan or Letter of Credit and each request for an acceptance and purchase of a Bankers' Acceptance hereunder shall constitute a representation and warranty by the applicable Borrower(s) that the conditions set forth in Section 11 and Section 12, as the case may be, have been satisfied on the date of such request. Any unpaid Reimbursement Obligation shall be a Base Rate Loan, Canadian Prime Rate Loan or Canadian Base Rate Loan hereunder, as applicable, as set forth in Section 4.2(a).

SECTION 2.2. FACILITY FEE. The Company agrees to pay to the Administrative Agent for the account of the Banks a fee (the "Facility Fee") on the Total Commitment equal to the Applicable Facility Rate multiplied by the Total Commitment. The Facility Fee shall be payable for the period from and after the Closing Date quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter commencing on April 1, 1997 with a final payment on the Maturity Date (or on the date of termination in full of the Total Commitment, if earlier). The Facility Fee shall be distributed pro rata among the Banks in accordance with each Bank's Total Commitment Percentage.

SECTION 2.3. REDUCTION OF TOTAL COMMITMENT; INCREASE OF TOTAL CANADIAN COMMITMENT.

(a) The Borrowers shall have the right at any time and from time to time upon three (3) Business Days' prior written notice to the Administrative Agent to reduce by $25,000,000 or a greater amount or terminate entirely, the Total Commitment, whereupon each Bank's Commitment shall be reduced pro rata in accordance with such Bank's Total Commitment Percentage of the amount specified in such notice or, as the case may be, terminated. Each of the Total Domestic Commitment and the Total Canadian Commitment shall be reduced ratably in the event of such a reduction so that no such reduction shall change the ratio of the Total Domestic Commitment to the Total Canadian Commitment in effect immediately prior to such reduction provided that at no time may (i) the Total Domestic Commitment be reduced to an amount less than the sum of (A) the Maximum Drawing Amount of all Domestic Letters of Credit, and (B) all Domestic Loans then outstanding, or (ii) the Total Canadian Commitment be reduced to an amount less than the sum of (A) the Maximum Drawing Amount of all Canadian Letters of Credit, (B) all Canadian Loans then outstanding, and (C) the face amount of all outstanding Bankers' Acceptances.

(b) No reduction or termination of the Total Commitment, the Total Domestic Commitment or the Total Canadian Commitment once made may be revoked; the portion of the Total Commitment, the Total Domestic Commitment or the Total Canadian Commitment reduced or

terminated may not be reinstated; and amounts in respect of such reduced or terminated portion may not be reborrowed.

(c) Subject to the satisfaction of the conditions precedent set forth in paragraph (d) below, the Canadian Borrowers may increase the Total Canadian Commitment in accordance with the following procedures; provided that no reallocation of the Commitments of the Banks shall be permitted unless (i) each Increased Bank and each Reduced Bank (each such term as defined below) shall have agreed to such reallocation in writing, (ii) such reallocation would not have the effect, together with any previous reallocations hereunder, of increasing the Total Canadian Commitment to an

amount greater than U.S. $100,000,000, and (iii) the amount of the Total Commitment shall not be increased by such reallocations. In the case of any such reallocation, the Total Domestic Commitment shall be reduced by the amount of the increase in the Total Canadian Commitment. Any such reallocation shall be subject to execution of appropriate documentation with respect thereto by the Borrowers, the Bank Agents, the Domestic Banks whose Domestic Commitments are reduced pursuant to such reallocation (the "Reduced Banks") and the Canadian Banks that will assume the increased Total Canadian Commitment resulting from such reallocation (the "Increased Banks"). Each Reduced Bank shall be an affiliate of an Increased Bank (with the increase of such Increased Bank's Canadian Commitment being equal to the decrease of its affiliate's Domestic Commitment). The Administrative Agent shall notify the Banks of any such reallocation. The Canadian Commitments of the other Canadian Banks which are not Increased Banks and the Domestic Commitments of the other Domestic Banks which are not Reduced Banks shall not be changed by any such reallocation.

(d) The consummation of any reallocation pursuant to paragraph (c) above shall be subject to satisfaction of the following conditions on the date of such consummation:

(i) in the case of the initial increase in the Total Canadian Commitment, the Canadian Banks and the Canadian Borrowers, as applicable, shall have executed appropriate joinders to this Agreement and Canadian Notes, and delivered any other documentation requested by the Canadian Agent, including without limitation an opinion of Canadian counsel to the Canadian Borrowers if so requested;

(ii) all of the conditions to borrowing set forth in Section 12 shall have been satisfied;

(iii) the Borrowers shall have given notice of such proposed reallocation to the Bank Agents at least ten (10) Business Days in advance of the requested date therefor;

(iv) such reallocation shall not result in the prepayment of the Competitive Bid Loans, and, after giving effect to such reallocation, (A) the aggregate principal amount of the Domestic Loans outstanding plus the Maximum Drawing Amount of the outstanding Domestic Letters of Credit shall not exceed the reduced Total Domestic Commitment, (B) the aggregate principal amount of the Canadian Loans outstanding plus the Maximum Drawing Amount of the outstanding Canadian Letters of Credit and the aggregate face amount of all Bankers' Acceptances (in each case expressed in U.S. Dollars) shall not exceed the increased Total Canadian Commitment, and (C) the sum of the total of clauses (A) and (B) (expressed in U.S. Dollars) shall not exceed the Total Commitment; and

(v) each Increased Bank shall have received from the Canadian Borrowers an applicable fee (the "Reallocation Fee") equal to the greater of $2,500 or 1/16% of the amount of the increase in its Canadian Commitment, as applicable.

(e) Subject to paragraph (d) above, the Canadian Agent shall adjust the respective proportions of one or more of the Canadian Loans funded by the Canadian Banks on or after the date of consummation of any such reallocation in such a manner so that the sum of the outstanding principal amount of all Canadian Loans of any Increased Bank plus such Increased Bank's participations in the Canadian Letters of Credit plus the aggregate face amount of all outstanding Bankers' Acceptances accepted by such Canadian Bank shall equal such Canadian Bank's Canadian Commitment Percentage (as modified) times the total outstandings under the Canadian facility (as modified); provided that if the Canadian Agent shall not have been able to achieve such equality within three months of said date of

consummation of any such reallocation for any reason, the Canadian Borrowers shall forthwith prepay, subject to Section 6.8, one or more Canadian Loans, and reborrow by way of one or more Canadian Loans, as the case may be, so as to immediately achieve such equality.

(f) Subject to paragraph (d) above, the Administrative Agent shall adjust the respective proportions of one or more of the Syndicated Loans funded by the Domestic Banks on or after the date of consummation of any such reallocation in such a manner so that the sum of the outstanding principal amount of all Syndicated Loans of any Increased Bank plus such Increased Bank's participations in the Domestic Letters of

Credit shall equal such Domestic Bank's Domestic Commitment Percentage (as modified) times the total outstandings under the domestic facility (as modified); provided that if the Administrative Agent shall not have been able to achieve such equality within three months of said date of consummation of any such reallocation for any reason, the Company shall forthwith prepay, subject to Section 6.8, one or more Syndicated Loans, and reborrow by way of one or more Syndicated Loans, as the case may be, so as to immediately achieve such equality.

(g) The Administrative Agent will notify the Banks promptly after receiving any notice delivered by the Borrowers pursuant to this Section 2.3 and will distribute to each Bank a revised schedule of Commitments, Domestic Commitment Percentages and Canadian Commitment Percentages.

SECTION 2.4. THE SYNDICATED NOTES; THE CANADIAN NOTES.

(a) The Syndicated Loans shall be evidenced by separate promissory notes of the Company in substantially the form of Exhibit A hereto (each, a "Syndicated Note"), dated as of the Closing Date and completed with appropriate insertions. One Syndicated Note shall be payable to the order of each Domestic Bank in an amount equal to its Domestic Commitment, and shall represent the obligation of the Company to pay such Domestic Bank such principal amount or, if less, the outstanding principal amount of all Syndicated Loans made by such Domestic Bank, plus interest accrued thereon, as set forth herein.

(b) The Canadian Loans shall be evidenced by separate promissory notes of the Canadian Borrowers in substantially the form of Exhibit C hereto (each, a "Canadian Note"), dated as of the Closing Date and completed with appropriate insertions. One Canadian Note shall be payable to the order of each Canadian Bank in an amount equal to its Canadian Commitment, and shall represent the joint and several obligation of the Canadian Borrowers to pay such Canadian Bank such principal amount or, if less, the outstanding principal amount of all Canadian Loans made by such Canadian Bank, plus interest accrued thereon, as set forth herein.

(c) The applicable Borrower(s) irrevocably authorize each Bank to make, or cause to be made, in connection with a Drawdown Date of any Syndicated Loan or Canadian Loan, as the case may be, and at the time of receipt of any payment of principal on any such Note, an appropriate notation on such Bank's records or on the schedule attached to such Bank's Note or a continuation of such schedule attached thereto reflecting the making of such Loan, or the receipt of such payment (as the case may

be) and each Bank may, prior to any transfer of its Syndicated Note or Canadian Note, as the case may be, endorse on the reverse side thereof the

outstanding principal amount of such Loans evidenced thereby. The outstanding amount of the Loans set forth on such Bank's records shall be prima facie evidence of the principal amount thereof owing and unpaid to such Bank, but the failure to record, or any error in so recording, any such amount shall not limit or otherwise affect the obligations of the applicable Borrower(s) hereunder or under such Notes to make payments of principal of or interest on any such Notes when due.

SECTION 2.5. INTEREST ON LOANS.

(a) The outstanding principal amount of the Syndicated Loans shall bear interest at the rate per annum equal to (i) the Base Rate on Base Rate Loans, (ii) the Applicable Eurodollar Rate on Eurodollar Loans to the Company and (iii) the Applicable Swing Line Rate on Swing Line Loans.

(b) The outstanding principal amount of Canadian Loans shall bear interest at the rate per annum equal to (i) the Canadian Prime Rate on Canadian Loans requested to be funded in Canadian Dollars, (ii) the Canadian Base Rate on Canadian Base Rate Loans, and (iii) the Applicable Eurodollar Rate on Eurodollar Loans to the Canadian Borrowers.

(c) Interest shall be payable (i) monthly in arrears on the

first Business Day of each month, commencing March 1, 1997, on Base Rate Loans, Canadian Base Rate Loans and Canadian Prime Rate Loans, (ii) on the last day of the applicable Interest Period, and if such Interest Period is longer than three months, also on the last day of the third month following the commencement of such Interest Period, on Eurodollar Loans, and (iii) on the Maturity Date for all Loans.

SECTION 2.6. REQUESTS FOR SYNDICATED LOANS; CANADIAN LOANS.

(a) The Company shall give to the Administrative Agent written notice in the form of Exhibit E hereto (or telephonic notice confirmed in writing or a facsimile in the form of Exhibit E hereto) of each Syndicated Loan requested hereunder (a "Syndicated Loan Request") not later than (a) 11:00 a.m. (New York time) on the proposed Drawdown Date of any Base Rate Loan, or (b) 11:00 a.m. (New York time) three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Loan. Each such Syndicated Loan Request shall specify (A) the principal amount of the Syndicated Loan requested, (B) the proposed Drawdown Date of such Syndicated Loan, (C) whether such Syndicated Loan requested is to be a Base Rate Loan or a Eurodollar Loan, (D) the Interest Period for such Syndicated Loan, if a Eurodollar Loan, and (E) the aggregate

outstanding amount of all Swing Line Loans. Each Syndicated Loan requested shall be in a minimum amount of $10,000,000. Each such Syndicated Loan Request shall reflect the Maximum Drawing Amount of all Domestic Letters of Credit outstanding and the amount of Domestic Loans outstanding (including Competitive Bid Loans and Swing Line Loans). Syndicated Loan Requests made hereunder shall be irrevocable and binding on the Company, and shall obligate the Company to accept the Syndicated Loan requested from the Domestic Banks on the proposed Drawdown Date.

(b) The Canadian Borrowers shall give to the Canadian Agent written notice in the form of Exhibit G hereto (or telephone notice confirmed in writing or a facsimile in the form of Exhibit G hereto) of each Canadian Loan requested hereunder (a "Canadian Loan Request") not later than (a) 11:00 a.m. (New York time) on the proposed Drawdown Date of any Canadian Prime Rate Loan or Canadian Base Rate Loan, or (b) 11:00 a.m. (New York time) three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Loan. Each such Canadian Loan Request shall specify (A) the principal amount of the Canadian Loan requested, (B) the proposed Drawdown Date of such Canadian Loan,

(C) whether such Canadian Loan (if in US$) is to be a Canadian Base Rate Loan or a Eurodollar Loan, (D) the Interest Period of such Canadian Loan, and (E) whether such Canadian Loan is to be made in U.S. Dollars or Canadian Dollars. Each such Canadian Loan Request shall reflect the amount of Canadian Loans and Bankers' Acceptances outstanding and the Maximum Drawing Amount of all Canadian Letters of Credit. Each Canadian Loan Request shall be in a minimum amount of $5,000,000. Canadian Loan Requests made hereunder shall be irrevocable and binding on the Canadian Borrowers, and shall obligate the Canadian Borrowers to accept the Canadian Loan Request from the Canadian Banks on the proposed Drawdown Date.

(c) Each of the representations and warranties made by the Borrowers to the Banks or the Bank Agents in this Agreement or any other Loan Document shall be true and correct in all material respects when made and shall, for all purposes of this Agreement, be deemed to be repeated by the applicable Borrower(s) on and as of the date of the submission of a Syndicated Loan Request, Canadian Loan Request, Competitive Bid Quote Request, Bankers' Acceptance Notice or Letter of Credit Application and on and as of the Drawdown Date of any Loan, the date of accepting or purchasing any Bankers' Acceptance or the date of issuance of any Letter of Credit (except to the extent (i) of changes resulting from transactions contemplated or permitted by this Agreement and the other Loan Documents, (ii) of changes occurring in the ordinary course of business that singly or in the aggregate are not materially adverse to the business, assets or financial condition of the Company and its Subsidiaries as a whole, or (iii) that such representations and warranties expressly relate only to an earlier date).

(d) The Administrative Agent shall promptly notify each Domestic Bank of each Syndicated Loan Request received by the Administrative Agent (i) on the proposed Drawdown Date of any Base Rate Loan, or (ii) three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Loan to be made to the Company. The Canadian Agent shall promptly notify each Canadian Bank and the Administrative Agent of each Canadian Loan Request received by the Canadian Agent not later than (A) on the proposed Drawdown Date of any Canadian Prime Rate Loan or Canadian Base Rate Loan, or (B) three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Loan to be made to the Canadian Borrowers.

SECTION 2.7. ELECTION OF EURODOLLAR RATE; NOTICE OF ELECTION; INTEREST PERIODS; MINIMUM AMOUNTS.

(a) At the Borrowers' option, so long as no Default or Event of Default has occurred and is then continuing, the applicable Borrower(s) may (i) elect to convert any Base Rate Loan or Canadian Base Rate Loan or a portion thereof to a Eurodollar Loan, (ii) at the time of any Syndicated Loan Request or Canadian Loan Request, specify that such requested Loan shall be a Eurodollar Loan, or (iii) upon expiration of the applicable Interest Period, elect to maintain an existing Eurodollar Loan as such, provided that the applicable Borrower(s) give notice to the Administrative Agent, in the case of Syndicated Loans, or the Canadian Agent, in the case of Canadian Loans, pursuant to Section 2.7(b) hereof. Upon determining any Eurodollar Rate, the Administrative Agent, in the case of Syndicated Loans, and the Canadian Agent, in the case of Canadian Loans, shall forthwith provide notice thereof to the applicable Borrower(s) and Bank(s), and each such notice to such Borrower(s) shall be considered prima facie correct and binding, absent manifest error.

(b) Three (3) Eurodollar Business Days prior to the making of any Eurodollar Loan or the conversion of any Base Rate Loan to a Eurodollar Loan, or, in the case of an outstanding Eurodollar Loan, the expiration date of the applicable Interest Period, the applicable Borrower(s) shall give written, telex or facsimile notice received by the Administrative Agent, in

the case of Syndicated Loans, or the Canadian Agent, in the case of Canadian Loans, not later than 11:00 a.m. (New York time) of their election pursuant to Section 2.7(a). Each such notice delivered to the Administrative Agent or the Canadian Agent shall specify the aggregate principal amount of the Syndicated Loans or Canadian Loans to be borrowed or maintained as or converted to Eurodollar Loans and the requested duration of the Interest Period that will be applicable to such Eurodollar Loan, and shall be irrevocable and binding upon such Borrower(s). If the applicable Borrower(s) shall fail to give the Administrative Agent or the Canadian Agent, as applicable, notice of their

election hereunder together with all of the other information required by this Section 2.7(b) with respect to any Syndicated Loan or Canadian Loan, whether at the end of an Interest Period or otherwise, such Syndicated Loan or Canadian Loan shall be deemed a Base Rate Loan or Canadian Base Rate Loan, as the case may be. The Administrative Agent or the Canadian Agent, as the case may be, shall promptly notify the applicable Bank(s) in writing (or by telephone confirmed in writing or by facsimile) of such election.

(c) Notwithstanding anything herein to the contrary, the Borrowers may not specify an Interest Period that would extend beyond the Maturity Date.

(d) No conversion of Loans pursuant to this Section 2.7 may result in Eurodollar Loans that are less than $5,000,000. In no event shall the Borrowers have more than eight (8) different Interest Periods for borrowings of Eurodollar Loans outstanding at any time.

(e) Subject to the terms and conditions of Section 6.8 hereof, if any affected Bank demands compensation under Section 6.5(c) or (d) with respect to any Eurodollar Loan, the applicable Borrower(s) may at any time, upon at least three (3) Business Days' prior written notice to the applicable Bank Agent, elect to convert such Eurodollar Loan into a Base Rate Loan or Canadian Base Rate Loan, as applicable (on which interest and principal shall be payable contemporaneously with the related Eurodollar Loans of the other Banks). Thereafter, and until such time as the affected Bank notifies the applicable Bank Agent that the circumstances giving rise to the demand for compensation under Section 6.5(c) or (d) no longer exist, all requests for Eurodollar Loans from such affected Bank shall be deemed to be requests for Base Rate Loans or Canadian Base Rate Loans, as the case may be. Once the affected Bank notifies the applicable Bank Agent that such circumstances no longer exist, the Borrower(s) may elect that the principal amount of each such Loan converted hereunder shall again bear interest as Eurodollar Loans beginning on the first day of the next succeeding Interest Period applicable to the related Eurodollar Loans of the other Banks.

SECTION 2.8. FUNDS FOR SYNDICATED LOANS AND CANADIAN LOANS. Not later than 1:00 p.m. (New York time) on the proposed Drawdown Date (a) in the case of Syndicated Loans, each of the Domestic Banks will make available to the Administrative Agent or (b) in the case of Canadian Loans, each of the Canadian Banks will made available to the Canadian Agent, at its respective Head Office, in immediately available funds, the amount of its Domestic Commitment Percentage or Canadian Commitment Percentage, as the case may be, of the amount of the requested Loan. Upon receipt from each Bank of such amount,

and upon receipt of the documents required by Section 11 and Section 12 and the

satisfaction of the other conditions set forth therein, to the extent applicable, the Administrative Agent will make available to the Company the aggregate amount of such Syndicated Loans made available by the Domestic Banks, and the Canadian Agent will make available to the Canadian Borrowers the aggregate amount of such Canadian Loans made available by the Canadian Banks. The failure or refusal of any Bank to make available to the applicable Bank Agent at the aforesaid time and place on any Drawdown Date the amount of its Domestic Commitment Percentage of the requested Syndicated Loan or its Canadian Commitment Percentage of the requested Canadian Loan, as the case may be, shall not relieve any other Bank from its several obligations hereunder to make available to the applicable Bank Agent the amount of such Bank's Domestic Commitment Percentage or Canadian Commitment Percentage, as the case may be, of any requested Loan.

SECTION 2.9. MATURITY OF THE LOANS AND REIMBURSEMENT OBLIGATIONS. The Loans shall be due and payable on the Maturity Date. The Company promises to pay on the Maturity Date all Domestic Loans and all unpaid Reimbursement Obligations on such date relating to Domestic Letters of Credit, and each of the Canadian Borrowers, jointly and severally, promises to pay on the Maturity Date all Canadian Loans, all unpaid Reimbursement Obligations relating to Canadian Letters of Credit and all amounts owing with respect to Bankers' Acceptances. All such payments shall be made together with any and all accrued and unpaid interest thereon and any fees and other amounts owing hereunder.

SECTION 2.10. OPTIONAL PREPAYMENTS OR REPAYMENTS OF LOANS. Subject to the terms and conditions of Section 6.8, the Borrowers shall have the right, at their election, to repay or prepay the outstanding amount of the Loans, as a whole or in part, at any time without penalty or premium. The applicable Borrower(s) shall give the Administrative Agent or the Canadian Agent, as the case may be, no later than 11:00 a.m. (New York time) (a) on the proposed date of prepayment or repayment of Base Rate Loans, Canadian Base Rate Loans, and Canadian Prime Rate Loans, and (b) one (1) Business Day prior to the proposed date of prepayment or repayment of all other Loans, written notice (or telephonic notice confirmed in writing or by facsimile) of any proposed prepayment or repayment pursuant to this Section 2.10, specifying the proposed date of prepayment or repayment of Loans and the principal amount to be paid. Notwithstanding the foregoing, the Company may not prepay any Competitive Bid Loans. The Administrative Agent shall promptly notify each Domestic Bank and the Canadian Agent shall promptly notify each Canadian Bank by written notice (or telephonic notice confirmed in writing or by facsimile) of such notice of payment.

SECTION 2.11. SWING LINE LOANS; SETTLEMENTS.

(a) Solely for ease of administration of the Syndicated Loans, MGT may, but shall not be required to, fund Base Rate Loans made in accordance with the provisions of this Agreement ("Swing Line Loans"). The Swing Line Loans shall be evidenced by a promissory note of the Company in substantially the form of Exhibit B hereto (the "Swing Line Note") and, at the discretion of MGT may be in amounts less than $10,000,000 provided that the outstanding amount of Swing Line Loans advanced by MGT hereunder shall not exceed $10,000,000 at any time. Each Domestic Bank shall remain severally and unconditionally liable to fund its pro rata share (based upon each Domestic Bank's Domestic Commitment) of such Swing Line Loans on each Swing Line Settlement Date and, in the event MGT chooses not to fund all Base Rate Loans requested on any date, to fund its Domestic Commitment Percentage of the Base Rate Loans requested, subject to satisfaction of the provisions hereof relating to the making of Base Rate Loans. Prior to each Swing Line Settlement, all payments or repayments of the principal of, and interest on, Swing Line Loans shall be credited to the account of MGT.

(b) The Domestic Banks shall effect Swing Line Settlements on (i) the Business Day immediately following any day which MGT gives written notice to the Administrative Agent to effect a Swing Line Settlement, (ii) the Business Day immediately following the Administrative Agent's becoming aware of the existence of any Default or Event of Default, (iii) the Maturity Date and (iv) the Business Day immediately following any day on which the outstanding amount of Swing Line Loans advanced by MGT exceeds $10,000,000 (each such date, a "Swing Line Settlement Date"). One (1) Business Day prior to each such Swing Line Settlement Date, the Administrative Agent shall give telephonic notice to the Domestic Banks of (A) the respective outstanding amount of Syndicated Loans made by each Domestic Bank as at the close of business on the prior day, (B) the amount that any Domestic Bank, as applicable (a "Swing Line Settling Bank"), shall pay to effect a Swing Line Settlement (a "Swing Line Settlement Amount") and (C) the portion (if any) of the aggregate Swing Line Settlement Amount to be paid to each Domestic Bank. A statement of the Administrative Agent submitted to the Domestic Banks with respect to any amounts owing hereunder shall be prima facie evidence of the amount due and owing. Each Swing Line Settling Bank shall, not later than 1:00 p.m. (New York time) on each Swing Line Settlement Date, effect a wire transfer of immediately available funds to the Administrative Agent at its Head Office in the amount of such Domestic Bank's Swing Line Settlement Amount. The Administrative Agent shall, as promptly as practicable during normal business hours on each Swing Line Settlement Date, effect a wire transfer

of immediately available funds to each Domestic Bank of the Swing Line Settlement Amount to be paid to such Domestic Bank. All funds advanced by any Domestic Bank as a Swing Line Settling Bank pursuant to this Section 2.11(b) shall for all purposes be treated as a Base Rate Loan made by such Swing Line Settling Bank to the Company, and all funds received by any Domestic Bank pursuant to this Section 2.11(b) shall for all purposes be treated as repayment of amounts owed by the Company with respect to Base Rate Loans made by such Domestic Bank.

(c) The Administrative Agent may (unless notified to the contrary by any Swing Line Settling Bank by 12:00 noon (New York time) one (1) Business Day prior to the Settlement Date) assume that each Swing Line Settling Bank has made available (or will make available by the time specified in Section 2.11(b)) to the Administrative Agent its Swing Line Settlement Amount, and the Administrative Agent may (but shall not be required to), in reliance upon such assumption, make available to each applicable Domestic Bank its share (if any) of the aggregate Swing Line Settlement Amount. If the Swing Line Settlement Amount of such Swing Line Settling Bank is made available to the Administrative Agent by such Swing Line Settling Bank on a date after such Swing Line Settlement Date, such Swing Line Settling Bank shall pay the Administrative Agent on demand an amount equal to the product of (i) the average, computed for the period referred to in clause (iii) below, of the weighted average annual interest rate paid by the Administrative Agent for federal funds acquired by the Administrative Agent during each day included in such period times (ii) such Swing Line Settlement Amount times (iii) a fraction, the numerator of which is the number of days that elapse from and including such Swing Line Settlement Date to but not including the date on which such Swing Line Settlement Amount shall become immediately available to the Administrative Agent, and the denominator of which is 365. Upon payment of such amount such Swing Line Settling Bank shall be deemed to have delivered its Swing Line Settlement Amount on the Swing Line Settlement Date and shall become entitled to interest payable by the Company with respect to such Swing Line Settling Bank's Swing Line

Settlement Amount as if such share were delivered on the Swing Line Settlement Date. If such Swing Line Settlement Amount is not in fact made available to the Administrative Agent by such Swing Line Settling Bank within three (3) Business Days of such Swing Line Settlement Date, the Administrative Agent shall be entitled to recover such amount from the Company, with interest thereon at the Base Rate.

(d) After any Swing Line Settlement Date, any payment by the Company of Swing Line Loans hereunder shall be allocated among the Domestic Banks, in amounts determined so as to provide that after such application and the related Swing Line Settlement, the outstanding

amount of Syndicated Loans of each Domestic Bank equals, as nearly as practicable, such Domestic Bank's Domestic Commitment Percentage of the aggregate amount of Syndicated Loans.

Section 3. BANKERS' ACCEPTANCES.

SECTION 3.1. ACCEPTANCE AND PURCHASE. Subject to the terms and conditions hereof, each Canadian Bank severally agrees to accept and purchase Bankers' Acceptances drawn upon it by the Canadian Borrowers denominated in Canadian Dollars. The Canadian Borrowers shall notify the Canadian Agent by irrevocable written notice (each a "Bankers' Acceptance Notice") by 10:00 a.m. (New York time) two (2) Business Days prior to the date of any borrowing by way of Bankers' Acceptances. Each borrowing by way of Bankers' Acceptances shall be in a minimum aggregate face amount of C$1,000,000 and integral multiples of C$100,000 in excess thereof. The face amount of each Bankers' Acceptance shall be C$100,000 or any integral multiple thereof. Each Bankers' Acceptance Notice shall be in the form of Exhibit H. In no event shall the Dollar Equivalent of the aggregate face amount of all outstanding Bankers' Acceptances exceed the Total Canadian Commitment minus the sum of the outstanding principal amount of all Canadian Loans (expressed in its Dollar Equivalent thereof), plus the Maximum Drawing Amount (expressed in its Dollar Equivalent thereof) of all outstanding Canadian Letters of Credit.

(a) Term. Bankers' Acceptances shall be issued and shall mature on a Business Day. Each Bankers' Acceptance shall have a term of 30, 60, 90 or 180 days and shall mature no later than five (5) days prior to the Maturity Date and shall be in form and substance reasonably satisfactory to the Canadian Bank which is accepting such Bankers' Acceptance.

(b) Bankers' Acceptances in Blank. To facilitate the acceptance of Bankers' Acceptances under this Agreement, the Canadian Borrowers shall, upon execution of this Agreement and from time to time as required, provide to the Canadian Agent drafts, in form satisfactory to the Canadian Agent, duly executed and endorsed in blank by the Canadian Borrowers in quantities sufficient for each Canadian Bank to fulfill its obligations hereunder. In addition, the Canadian Borrowers hereby appoint each Canadian Bank as its attorney to sign and endorse on its behalf, in handwriting or by facsimile or mechanical signature as and when deemed necessary by such Canadian Bank, blank forms of Bankers' Acceptances. The Canadian Borrowers recognize and agree that all Bankers' Acceptances signed and/or endorsed on their behalf by a Canadian Bank shall bind the Canadian Borrowers as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of the Canadian Borrowers. Each Canadian Bank is hereby authorized to issue such Bankers' Acceptances endorsed in blank

in such face amounts as may be determined by such Canadian Bank provided that the aggregate amount thereof is equal to the aggregate amount of Bankers' Acceptances required to be accepted by such Bank pursuant to clause (d) below. No Canadian Bank shall be responsible or liable for its failure to accept a Bankers' Acceptance if the cause of such failure is, in whole or in part, due to the failure of the Canadian Borrowers to provide duly executed and endorsed drafts to the Canadian Agent on a timely basis nor shall any Canadian Bank or the Canadian Agent be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except loss or improper use arising by reason of the gross negligence or willful misconduct of such Bank or the Canadian Agent, its officers, employees, agents or representatives. Each Canadian Bank shall maintain a record with respect to Bankers' Acceptances (A) received by it from the Canadian Agent in blank hereunder, (B) voided by it for any reason, (C) accepted by it hereunder, (D) purchased by it hereunder and (E) cancelled at their respective maturities. Each Canadian Bank further agrees to retain such records in the manner and for the statutory periods provided in the various Canadian provincial or federal statutes and regulations which apply to such Bank.

(c) Execution of Bankers' Acceptances. Drafts of the Canadian Borrowers to be accepted as Bankers' Acceptances hereunder shall be duly executed by one or more duly authorized officers on behalf of the Canadian Borrowers. Notwithstanding that any person whose signature appears on any Bankers' Acceptance as a signatory for the Canadian Borrowers may no longer be an authorized signatory for the Canadian Borrowers at the date of issuance of a Bankers' Acceptance, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such Bankers' Acceptance so signed shall be binding on the Canadian Borrowers.

(d) Issuance of Bankers' Acceptances. Promptly following receipt of a Bankers' Acceptance Notice, the Canadian Agent shall so advise the Canadian Banks of the face amount of each Bankers' Acceptance to be accepted by it and the term thereof. The aggregate face amount of Bankers' Acceptances to be accepted by a Canadian Bank shall be determined by the Canadian Agent by reference to the respective Canadian Commitments of the Canadian Banks, except that, if the face amount of a Bankers' Acceptance, which would otherwise be accepted by a Canadian Bank, would not be C$100,000 or an integral multiple thereof, such face amount shall be increased or reduced by the Canadian Agent in its sole and unfettered discretion to the nearest integral multiple of C$100,000.

(e) Acceptances of Bankers' Acceptances. Each Bankers' Acceptance to be accepted by a Canadian Bank shall be accepted at such Bank's office shown on Schedule 2 hereof or as otherwise designated by said Canadian Bank from time to time.

(f) Purchase of Bankers' Acceptances. On the relevant date of borrowing, each Canadian Bank severally agrees to purchase from the Canadian Borrowers, at the face amount thereof discounted by the Applicable BA Discount Rate, any Bankers' Acceptance accepted by it and provide to the Canadian Agent, for the account of the Canadian Borrowers, the BA Discount Proceeds in respect thereof after deducting

therefrom the amount of the Acceptance Fee payable by the Canadian Borrowers to such Bank under Section 3.3 in respect of such Bankers' Acceptance.

(g) Sale of Bankers' Acceptances. Each Canadian Bank may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances accepted and purchased by it.

(h) Waiver of Presentment and Other Conditions. Each of the Canadian Borrowers waives presentment for payment and any other defense to payment of any amounts due to a Canadian Bank in respect of a Bankers' Acceptance accepted by such Canadian Bank pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such Bank in its own right. The Canadian Borrowers shall not claim or require any days of grace or require the Canadian Agent or any Canadian Bank to claim any days of grace for the payment of any Bankers' Acceptance.

3.2. REFUNDING BANKERS' ACCEPTANCES. With respect to each Bankers' Acceptance, the Canadian Borrowers, prior to the occurrence and continuation of an Event of Default, may give irrevocable telephone or written notice (or such other method of notification as may be agreed upon between the Canadian Agent and the Canadian Borrowers) to the Canadian Agent at or before 2:00 p.m. (New York time) two (2) Business Days prior to the maturity date of such Bankers' Acceptance followed by written confirmation electronically transmitted to the Canadian Agent on the same day, of the Canadian Borrowers' intention to issue one or more Bankers' Acceptances on such maturity date (each a "Refunding Bankers' Acceptance") to provide for the payment of such maturing Bankers' Acceptance (it being understood that payments by the Canadian Borrowers and fundings by the Canadian Banks in respect of each maturing Bankers' Acceptance and each related Refunding Bankers' Acceptance shall be made on a net basis reflecting the difference between the face amount of such maturing Bankers' Acceptance and the BA Discount Proceeds (net of the applicable Acceptance Fee) of such Refunding Bankers' Acceptance). Any funding on

account of any maturing Bankers' Acceptance must be made at or before 12:00 noon (New York time) on the maturity date of such Bankers' Acceptance. If the Canadian Borrowers fail to give such notice, the Canadian Borrowers shall be irrevocably deemed to have requested and to have been advanced a Canadian Prime Rate Loan in the face amount of such maturing Bankers' Acceptance on the maturity date of such maturing Bankers' Acceptance from the Canadian Bank which accepted such maturing Bankers' Acceptance, which Canadian Prime Rate Loan shall thereafter bear interest as such in accordance with the provisions hereof and otherwise shall be subject to all provisions of this Agreement applicable to Canadian Prime Rate Loans until paid in full.

SECTION 3.3. ACCEPTANCE FEE. An acceptance fee (the "Acceptance Fee") shall be payable by the Canadian Borrowers to each Canadian Bank and each Canadian Bank shall deduct the amount of such Acceptance Fee from the BA Discount Proceeds (in the manner specified in Section 3.1(f) in respect of each Bankers' Acceptance), said fee to be calculated at a rate per annum equal to the Applicable L/C Rate calculated on the face amount of such Bankers' Acceptance and computed on the basis of the number of days in the term of such Bankers' Acceptance and a year of 365 days.

SECTION 3.4. CASH COLLATERAL. Subject to Section 30, upon the occurrence and during the continuance of any Event of Default, and in addition to any other rights or remedies of any Canadian Bank and the Canadian Agent hereunder, any Canadian Bank or the Canadian Agent as and by way of collateral security (or such alternate arrangement as may be agreed upon by the Canadian Borrowers and such Canadian Bank or the Canadian Agent, as applicable) shall be

entitled to deposit and retain in an account to be maintained by the Canadian Agent (bearing interest at the Canadian Agent's rates as may be applicable in respect of other deposits of similar amounts for similar terms) amounts which are received by such Canadian Bank or the Canadian Agent from the Canadian Borrowers hereunder or as proceeds of the exercise of any rights or remedies of any Canadian Bank or the Canadian Agent hereunder against the Canadian Borrowers, to the extent such amounts may be required to satisfy any contingent or unmatured obligations or liabilities of the Canadian Borrowers to the Canadian Banks or the Canadian Agent, or any of them hereunder.

SECTION 4. LETTERS OF CREDIT.

SECTION 4.1. LETTER OF CREDIT COMMITMENTS.

(a) Subject to the terms and conditions hereof and the receipt of a Letter of Credit Application by the Issuing Bank, with a copy to the Administrative Agent in the case of Domestic Letters of Credit and to the Canadian Agent in the case of Canadian Letters of Credit, reflecting the Maximum Drawing Amount of all Domestic Letters of Credit or Canadian

Letters of Credit, as applicable (including the requested Letter of Credit), the Issuing Bank, on behalf of the Domestic Banks in the case of Domestic Letters of Credit or the Canadian Banks in the case of Canadian Letters of Credit, and in reliance upon the representations and warranties of the Borrowers contained herein and the agreement of the Banks contained in Section 4.1(b) hereof, agrees to issue Domestic Letters of Credit for the account of the Company or Canadian Letters of Credit for the account of the Canadian Borrowers, as applicable (which may incorporate automatic renewals for periods of up to twelve (12) months), in such form as may be requested from time to time by such Borrower(s) and agreed to by the Issuing Bank; provided, however, that, after giving effect to such request, (i) the aggregate Maximum Drawing Amount of all Domestic Letters of Credit issued at any time shall not exceed the lesser of (A) $500,000,000 or (B) the Total Domestic Commitment minus the aggregate outstanding amount of the Domestic Loans, and (ii) the aggregate Maximum Drawing Amount of Canadian Letters of Credit issued at any time shall not exceed the Total Canadian Commitment less the sum of all outstanding Canadian Loans and the aggregate face amount of all outstanding Bankers' Acceptances, and provided further, that no Letter of Credit shall have an expiration date later than the earlier of (x) eighteen (18) months after the date of issuance (which may incorporate automatic renewals for periods of up to twelve (12) months), or (y) five (5) Business Days prior to the Maturity Date. The letters of credit listed in Schedule 4.1(a) issued by Issuing Banks under the Original Credit Agreement shall be Letters of Credit under this Agreement.

(b) Each Domestic Letter of Credit shall be denominated in Dollars, and each Canadian Letter of Credit shall be denominated in Canadian Dollars or Dollars, at the option of the Canadian Borrowers. With respect to any request for a Canadian Letter of Credit denominated in Canadian Dollars, the Canadian Agent shall calculate the U.S. Dollar Equivalent of the Maximum Drawing Amount of such requested Canadian Letter of Credit and shall notify the Canadian Borrowers and the Administrative Agent of the results of such calculation. Such U.S. Dollar Equivalent of the Maximum Drawing Amount shall be used to determine compliance with the provisions of Section 4.1(a) and in any other calculation of compliance with Canadian Commitments and the Total Canadian Commitment.

(c) Each Domestic Bank with respect to Domestic Letters of Credit and each Canadian Bank with respect to Canadian Letters of

Credit severally agrees that it shall be absolutely liable, without regard to the occurrence of any Default or Event of Default, the termination of the Total Commitment pursuant to Section 13.2, or any other condition precedent whatsoever, to the extent of such Bank's Domestic Commitment

Percentage or Canadian Commitment Percentage, as applicable, to reimburse the Issuing Bank on demand for the amount of each draft paid by the Issuing Bank under each Domestic Letter of Credit or Canadian Letter of Credit, as applicable, to the extent that such amount is not reimbursed by the applicable Borrower(s) pursuant to Section 4.2 (such agreement for a Bank being called herein the "Letter of Credit Participation" of such Bank). Each Bank agrees that its obligation to reimburse the Issuing Bank pursuant to this Section 4.1(c) shall not be affected in any way by any circumstance other than the gross negligence or willful misconduct of the Issuing Bank.

(d) Each such reimbursement payment made by a Bank to the Issuing Bank shall be treated as the purchase by such Bank of a participating interest in the applicable Reimbursement Obligation under Section 4.2 in an amount equal to such payment. Each Bank shall share in accordance with its participating interest in any interest which accrues pursuant to Section 4.2.

SECTION 4.2. REIMBURSEMENT OBLIGATION OF THE BORROWERS. In order to induce the Issuing Banks to issue, extend and renew each Letter of Credit, (i) the Company hereby agrees to reimburse or pay to each Issuing Bank, with respect to each Domestic Letter of Credit issued, extended or renewed by such Issuing Bank hereunder, and (ii) each of the Canadian Borrowers hereby jointly and severally agrees to reimburse or pay to each Issuing Bank, with respect to each Canadian Letter of Credit issued, extended or renewed by such Issuing Bank hereunder, as follows:

(a) if any draft presented under any Letter of Credit is honored by such Issuing Bank or such Issuing Bank otherwise makes payment with respect thereto, the sum of (i) the amount paid by such Issuing Bank under or with respect to such Letter of Credit, and (ii) the amount of any taxes, fees, charges or other costs and expenses whatsoever incurred by such Issuing Bank in connection with any payment made by such Issuing Bank under, or with respect to, such Letter of Credit, provided however, if the applicable Borrower(s) do not reimburse such Issuing Bank on the Drawdown Date, such amount shall become automatically a Syndicated Loan which is a Base Rate Loan or a Canadian Loan which is a Canadian Base Rate Loan or Canadian Prime Rate Loan, as applicable, advanced hereunder in an amount equal to such sum; and

(b) upon the Maturity Date or the acceleration of the Reimbursement Obligations with respect to all Letters of Credit in accordance with Section 13, an amount equal to the then Maximum Drawing Amount of (i) all Domestic Letters of Credit shall be paid by the Company to the Administrative Agent and (ii) all Canadian Letters of Credit shall

be paid by the Canadian Borrowers to the Canadian Agent, in each case to be held as cash collateral for the applicable Reimbursement

Obligations.

SECTION 4.3. OBLIGATIONS ABSOLUTE. The Borrowers' respective obligations under this Section 4 shall be absolute and unconditional under any and all circumstances and irrespective of the occurrence of any Default or Event of Default or any condition precedent whatsoever or any setoff, counterclaim or defense to payment which the Borrowers may have or have had against any Issuing Bank, any Bank or any beneficiary of a Letter of Credit, and each of the Borrowers expressly waives any such rights that it may have with respect thereto. The Borrowers further agree with each Issuing Bank and the Banks that such Issuing Bank and the Banks (i) shall not be responsible for, and the Borrowers' respective Reimbursement Obligations under Section 4.2 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged (unless due to the willful misconduct of such Issuing Bank or any other Bank), or any dispute between or among the Borrowers and the beneficiary of any Letter of Credit or any financing institution or other party to which any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrowers against the beneficiary of any Letter of Credit or any such transferee, and (ii) shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit except to the extent of their own willful misconduct. The Borrowers agree that any action taken or omitted by any Issuing Bank or any Bank in good faith under or in connection with any Letter of Credit and the related drafts and documents shall be binding upon the applicable Borrower(s) and shall not result in any liability on the part of such Issuing Bank or any Bank (or their respective affiliates) to the Borrowers. Nothing herein shall constitute a waiver by the Borrowers of any of their rights against any beneficiary of a Letter of Credit.

SECTION 4.4. RELIANCE BY THE ISSUING BANKS. To the extent not inconsistent with Section 4.3, each Issuing Bank shall be entitled to rely, and shall be fully protected in relying, upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex or teletype message, statement, order or other document believed by such Issuing Bank in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel, independent accountants and other experts selected by such Issuing Bank.

SECTION 4.5. NOTICE REGARDING LETTERS OF CREDIT. One (1) Business Day prior to the issuance of any Letter of Credit or amendments or extensions thereof, the applicable Issuing Bank shall notify the Administrative Agent or the Canadian

Agent, as applicable, of the terms of such Letter of Credit, amendment or extension. On the day of any drawing under any Letter of Credit, such Issuing Bank shall notify the Administrative Agent or the Canadian Agent, as applicable, of such drawing under any Letter of Credit.

SECTION 4.6. LETTER OF CREDIT FEE. The Company, in the case of Domestic Letters of Credit, and the Canadian Borrowers jointly and severally, in the case of Canadian Letters of Credit, shall pay a fee (the "Letter of Credit Fee") equal to the Applicable L/C Rate on the Maximum Drawing Amount of applicable Letters of Credit issued hereunder to the Administrative Agent or the Canadian Agent, as applicable, for the account of the Banks, to be shared pro rata by each of such Banks in accordance with their respective Domestic Commitment Percentages or Canadian Commitment Percentages, as applicable. The Letter of Credit Fee shall be payable quarterly in arrears on the first day of each calendar quarter for the quarter just ended, commencing April 1, 1997, and on the Maturity Date. In addition, an issuing fee (the "Issuance Fee") to be

agreed upon annually between the applicable Borrower(s) and an Issuing Bank shall be payable to such Issuing Bank for its account.

SECTION 5. COMPETITIVE BID LOANS.

SECTION 5.1. THE COMPETITIVE BID OPTION. In addition to the Syndicated Loans made pursuant to Section 2 hereof, the Company may request Competitive Bid Loans pursuant to the terms of this Section 5. The Domestic Banks may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept such offers in the manner set forth in this Section 5. Notwithstanding any other provision herein to the contrary, at no time shall the aggregate principal amount of Competitive Bid Loans outstanding at any time exceed the lesser of (i) the Total Domestic Commitment minus the sum of (a) the aggregate outstanding principal amount of Syndicated Loans (including the Swing Loans), plus (b) the Maximum Drawing Amount of Domestic Letters of Credit outstanding at such time, or (ii) $500,000,000.

SECTION 5.2. COMPETITIVE BID LOAN ACCOUNTS: COMPETITIVE BID NOTES.

(a) The obligation of the Company to repay the outstanding principal amount of any and all Competitive Bid Loans, plus interest at the applicable Competitive Bid Rate accrued thereon, shall be evidenced by this Agreement and by individual loan accounts (the "Competitive Bid Loan Accounts" and individually, a "Competitive Bid Loan Account") maintained by the Administrative Agent on its books for each of the Domestic Banks, it being the intention of the parties hereto that, except as provided for in paragraph (b) of this Section 5.2, the Company's obligations with respect to Competitive Bid Loans are to be evidenced only as stated herein and not by separate promissory notes.

(b) Any Domestic Bank may at any time, and from time to time, request that any Competitive Bid Loans outstanding to such Domestic Bank be evidenced by a promissory note of the Company in substantially the form of Exhibit D hereto (each, a "Competitive Bid Note"), dated as of the Closing Date and completed with appropriate insertions. One Competitive Bid Note shall be payable to the order of each Domestic Bank in an amount equal to $500,000,000, and representing the obligation of the Company to pay such Domestic Bank such principal amount or, if less, the outstanding principal amount of any and all Competitive Bid Loans made by such Domestic Bank, plus interest at the applicable Competitive Bid Rate or Competitive Bid Margin accrued thereon, as set forth herein. Upon execution and delivery by the Company of a Competitive Bid Note, the Company's obligation to repay any and all Competitive Bid Loans made to it by such Domestic Bank and all interest thereon shall thereafter be evidenced by such Competitive Bid Note.

(c) The Company irrevocably authorizes (i) each Domestic Bank to make or cause to be made, in connection with a Drawdown Date of any Competitive Bid Loan or at the time of receipt of any payment of principal on such Domestic Bank's Competitive Bid Note in the case of a Competitive Bid Note, and (ii) the Administrative Agent to make or cause to be made, in connection with a Drawdown Date of any Competitive Bid Loan or at the time of receipt of any payment of principal on such Domestic Bank's Competitive Bid Loan Account in the case of a Competitive Bid Loan Account, an appropriate notation on such Domestic Bank's records or on the schedule attached to such Domestic Bank's Competitive Bid Note or a continuation of such schedule attached thereto, or the Administrative Agent's records, as applicable, reflecting the making of the Competitive Bid Loan or the receipt of such payment (as the case may be) and such Domestic Bank

may, prior to any transfer of a Competitive Bid Note, endorse on the reverse side thereof the outstanding principal amount of Competitive Bid Loans evidenced thereby. The outstanding amount of the Competitive Bid Loans set forth on such Domestic Bank's record or the Administrative Agent's records, as applicable, shall be prima facie evidence of the principal amount thereof owing and unpaid to such Domestic Bank, but the failure to record, or any error in so recording, any such amount shall not limit or otherwise affect the obligations of the Company hereunder to make payments of principal of or interest on any Competitive Bid Loan when due.

SECTION 5.3. COMPETITIVE BID QUOTE REQUEST; INVITATION FOR COMPETITIVE BID QUOTES.

(a) When the Company wishes to request offers to make Competitive Bid Loans under this Section 5, it shall transmit to the

Administrative Agent by telex or facsimile a Competitive Bid Quote Request substantially in the form of Exhibit K hereto (a "Competitive Bid Quote Request") so as to be received no later than 1:00 p.m. (New York time) (x) five (5) Eurodollar Business Days prior to the requested Drawdown Date in the case of a LIBOR Competitive Bid Loan (a "LIBOR Competitive Bid Loan") or (y) one (1) Business Day prior to the requested Drawdown Date in the case of an Absolute Competitive Bid Loan (an "Absolute Competitive Bid Loan"), specifying:

(i) the requested Drawdown Date (which must be a Eurodollar Business Day in the case of a LIBOR Competitive Bid Loan or a Business Day in the case of an Absolute Competitive Bid Loan);

(ii) the aggregate amount of such Competitive Bid Loans, which shall be $10,000,000 or larger multiple of $1,000,000; (iii) the duration of the Interest Period(s) applicable thereto, subject to the provisions of the definition of Interest Period; and

(iv) whether the Competitive Bid Quotes requested are for LIBOR Competitive Bid Loans or Absolute Competitive Bid Loans.

The Company may request offers to make Competitive Bid Loans for more than one Interest Period in a single Competitive Bid Quote Request. No new Competitive Bid Quote Request shall be given until the Company has notified the Administrative Agent of its acceptance or non-acceptance of the Competitive Bid Quotes relating to any outstanding Competitive Bid Quote Request.

(b) Promptly upon receipt of a Competitive Bid Quote Request, the Administrative Agent shall send to the Domestic Banks by telecopy or facsimile transmission an Invitation for Competitive Bid Quotes substantially in the form of Exhibit L hereto, which shall constitute an invitation by the Company to each Domestic Bank to submit Competitive Bid Quotes in accordance with this Section 5.

SECTION 5.4. ALTERNATIVE MANNER OF PROCEDURE. If, after receipt by the Administrative Agent and each of the Domestic Banks of a Competitive Bid Quote Request from the Company in accordance with Section 5.3, the Administrative Agent or any Domestic Bank shall be unable to complete any procedure of the auction process described in Sub Section 5.5 through 5.6 (inclusive) due to the inability of such Person to transmit or receive communications through the means specified therein, such Person may rely on telephonic notice for the transmission or receipt of such communications. In any case where such Person

shall rely on telephone transmission or receipt, any communication made by telephone shall, as soon as possible thereafter, be followed by written confirmation thereof.

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SECTION 5.5. SUBMISSION AND CONTENTS OF COMPETITIVE BID QUOTES.

(a) Each Domestic Bank may, but shall be under no obligation to, submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Competitive Bid Quote Request. Each Competitive Bid Quote must comply with the requirements of this Section 5.5 and must be submitted to the Administrative Agent by telex or facsimile transmission at its offices as specified in or pursuant to Section 22 not later than (x) 2:00 p.m. (New York time) on the fourth Eurodollar Business Day prior to the proposed Drawdown Date, in the case of a LIBOR Competitive Bid Loan or (y) 10:00 a.m. (New York time) on the proposed Drawdown Date, in the case of an Absolute Competitive Bid Loan, provided that Competitive Bid Quotes may be submitted by the Administrative Agent in its capacity as a Domestic Bank only if it submits its Competitive Bid Quote to the Company not later than (x) one hour prior to the deadline for the other Domestic Banks, in the case of a LIBOR Competitive Bid Loan or (y) 15 minutes prior to the deadline for the other Domestic Banks, in the case of an Absolute Competitive Bid Loan. Subject to the provisions of Sub Section 11 and 12 hereof, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(b) Each Competitive Bid Quote shall be in substantially the form of Exhibit M hereto and shall in any case specify:

(i) the proposed Drawdown Date;

(ii) the principal amount of the Competitive Bid Loan for which each proposal is being made, which principal amount (w) may be greater than or less than the Domestic Commitment of the quoting Domestic Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the aggregate principal amount of Competitive Bid Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Competitive Bid Loans for which offers being made by such quoting Domestic Bank may be accepted;

(iii) the Interest Period(s) for which Competitive Bid Quotes are being submitted;

(iv) in the case of a LIBOR Competitive Bid Loan, the margin above or below the applicable LIBOR Rate (the "Competitive Bid Margin") offered for each such Competitive Bid Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such LIBOR Rate;

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(v) in the case of an Absolute Competitive Bid Loan, the rate of interest per annum (specified to the nearest 1/10,000th of 1%) (the "Competitive Bid Rate") offered for each such Absolute Competitive Bid Loan; and

(vi) the identity of the quoting Domestic Bank.

A Competitive Bid Quote may include up to five separate offers by the quoting Domestic Bank with respect to each Interest Period specified in the related Invitation for Competitive Bid Quotes.

(c) Any Competitive Bid Quote shall be disregarded if it:

(i) is not substantially in the form of Exhibit M hereto;

(ii) contains qualifying, conditional or similar language;

(iii) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or

(iv) arrives after the time set forth in Section 5.5(a) hereof.

SECTION 5.6. NOTICE TO COMPANY. The Administrative Agent shall promptly notify the Company of the terms (x) of any Competitive Bid Quote submitted by a Domestic Bank that is in accordance with Section 5.5 and (y) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Domestic Bank with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Administrative Agent unless such subsequent Competitive Bid Quote is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Administrative Agent's notice to the Company shall specify (A) the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request, (B) the respective principal amounts and Competitive Bid Margins or Competitive Bid Rates, as the case may be, so offered, and the identity of the respective Domestic Banks submitting such offers, and (C) if applicable, limitations on the aggregate principal amount of Competitive Bid Loans for which offers in any single Competitive Bid Quote may be accepted.

SECTION 5.7. ACCEPTANCE AND NOTICE BY COMPANY AND ADMINISTRATIVE AGENT. Not later than 11:00 a.m. (New York time) on (x) the third Eurodollar Business Day prior to the proposed Drawdown Date, in the case of a LIBOR Competitive Bid Loan or (y) the proposed Drawdown Date, in the case of an Absolute Competitive Bid Loan, the Company shall notify the Administrative Agent of its acceptance or non-acceptance of each Competitive Bid Quote in

substantially the form of Exhibit N hereto. The Company may accept any Competitive Bid Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Competitive Bid Loan may not exceed the applicable amount set forth in the related Competitive Bid Quote Request;

(ii) acceptance of offers may only be made on the basis of ascending Competitive Bid Margins or Competitive Bid Rates, as the case may be, and

(iii) the Company may not accept any offer that is described in subsection 5.5(c) or that otherwise fails to comply with the requirements of this Agreement.

The Administrative Agent shall promptly notify each Domestic Bank which submitted a Competitive Bid Quote of the Company's acceptance or non-acceptance thereof. At the request of any Domestic Bank which submitted a Competitive Bid Quote and with the consent of the Company, the Administrative Agent will promptly notify all Domestic Banks which submitted Competitive Bid Quotes of (a) the aggregate principal amount of, and (b) the range of Competitive Bid Rates or Competitive Bid Margins of, the accepted Competitive Bid Loans for each requested Interest Period.

SECTION 5.8. ALLOCATION BY ADMINISTRATIVE AGENT. If offers are made by two or more Domestic Banks with the same Competitive Bid Margin or Competitive Bid Rate, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Domestic Banks as nearly as possible (in such multiples, not less than $1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determination by the Administrative Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error.

SECTION 5.9. FUNDING OF COMPETITIVE BID LOANS. If, on or prior to the Drawdown Date of any Competitive Bid Loan, the Total Domestic Commitment has not terminated in full and if, on such Drawdown Date, the applicable conditions of Sub Section 11 and 12 hereof are satisfied, the Domestic Bank or Domestic Banks whose offers the Company has accepted will fund each Competitive Bid Loan so accepted. Such Domestic Bank or Domestic Banks will make such Competitive Bid Loans by crediting the Administrative Agent for further credit to the Company's specified account with the Administrative Agent, in immediately available funds not later than 1:00 p.m. (New York time) on such Drawdown Date.

SECTION 5.10. FUNDING LOSSES. If, after acceptance of any Competitive Bid Quote pursuant to Section 5, the Company (i) fails to borrow any Competitive Bid Loan so accepted on the date specified therefor, or (ii) repays the outstanding amount of the Competitive Bid Loan prior to the last day of the Interest Period relating thereto, the Company shall indemnify the Domestic Bank making such Competitive Bid Quote or funding such Competitive Bid Loan against any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Domestic Bank to fund or maintain such unborrowed Loans, including, without limitation compensation as provided in Section 6.8.

SECTION 5.11. REPAYMENT OF COMPETITIVE BID LOANS; INTEREST. The principal of each Competitive Bid Loan shall become absolutely due and payable by the Company on the last day of the Interest Period relating thereto, and the Company hereby absolutely and unconditionally promises to pay to the Administrative Agent for the account of the relevant Domestic Banks at or before 1:00 p.m. (New York time) on the last day of the Interest Periods relating thereto the principal amount of all such Competitive Bid Loans, plus interest thereon at the applicable Competitive Bid Rates. The Competitive Bid Loans shall bear interest at the rate per annum specified in the applicable Competitive Bid Quotes. Interest on the Competitive Bid Loans shall be payable (a) on the last day of the applicable Interest Periods, and if any such Interest Period is longer than three months, also on the last day of the third month following the commencement of such Interest Period, and (b) on the Maturity Date for all Loans. Subject to the terms of this Agreement, the Company may make Competitive Bid Quote Requests with respect to new borrowings of any amounts so repaid prior to the Maturity Date.

SECTION 6. PROVISIONS RELATING TO ALL LOANS AND LETTERS OF CREDIT.

SECTION 6.1. PAYMENTS.

(a) All payments of principal, interest, Reimbursement Obligations, fees (other than the Issuance Fee and the Acceptance Fee) and any other amounts due hereunder or under any of the other Loan Documents shall be made to the Administrative Agent or the Canadian Agent, as applicable, received at the applicable Head Office in immediately available funds by 11:00 a.m. (New York time) on any due date. Subject to the provisions of Section 30, if a payment is received by such Bank Agent at or before 1:00 p.m. (New York time) on any Business Day, such Bank Agent shall on the same Business Day transfer in immediately available funds, as applicable, to (1) each of the Domestic Banks, their pro rata portion of such payment in accordance with their respective Domestic Commitment Percentages, in the case of payments with respect to

Syndicated Loans and Domestic Letters of Credit, (2) MGT in the case of payments with respect to Swing Line Loans (3) each of the Canadian Banks, their pro rata portion of such payment in accordance with their respective Canadian Commitment Percentages, in the case of Canadian Loans and Canadian Letters of Credit, and (4) the appropriate Domestic Bank(s), in the case of payments with respect to Competitive Bid Loans. If such payment is received by such Bank Agent after 1:00 p.m. (New York time) on any Business Day, such transfer shall be made by such Bank Agent to the applicable Bank(s) on the next Business Day. In the event that such Bank Agent fails to make such transfer to any Bank as set forth above, such Bank Agent shall pay to such Bank on demand an amount equal to the product of (i) the average, computed for the period referred to in clause (iii) below, of the weighted average interest rate paid by such Bank for funds acquired by such Bank during each day included in such period, times (ii) the amount (A) equal to such Bank's Domestic Commitment Percentage of such payment in the case of payments under clause (1) above, (B) equal to such Bank's Canadian Commitment Percentage of such payment in the case of payments under clause (3) above or (C) of such payment to which such Bank is entitled in the case of payments with respect to Competitive Bid Loans and Swing Line Loans, times (iii) a fraction, the numerator of which is the number of days that elapse from and including the date of payment to and including the date on which the amount due to such Bank shall become immediately available to such Bank, and the denominator of which is 365. A statement of such Bank submitted to the applicable Bank Agent with respect to any amounts owing under this paragraph shall be prima facie evidence of the amount due and owing to such Bank by such Bank Agent.

(b) Each Domestic Bank that is not incorporated or organized under the laws of the United States of America or a state thereof or the District of Columbia (a "Non-U.S. Bank") agrees that, prior to the first date on which any payment is due to it hereunder, it will deliver to the Company and the Documentation Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, certifying in each case that such Non-U.S. Bank is entitled to receive payments under this Agreement and the Notes payable to it, without deduction or withholding of any United States federal income taxes. Each Non-U.S. Bank that so delivers a Form 1001 or 4224 pursuant to the preceding sentence further undertakes to deliver to each of the Company and the Documentation Agent two further copies of Form 1001 or 4224 or successor applicable form, or other manner of certification, as the case may be, on or before the date that any such letter or form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Company, and such extensions or renewals thereof as may

reasonably be requested by the Company, certifying in the case of a Form 1001 or 4224 that such Non-U.S. Bank is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Non-U.S. Bank from duly completing and delivering any such form with respect to it and such Non-U.S. Bank advises the Company that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(c) The Company shall not be required to pay any additional amounts to any Non-U.S. Bank in respect of United States Federal withholding tax pursuant to Section 18 to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Bank became a party to this Credit Agreement or, with respect to payments to a different lending office designated by the Non-U.S. Bank as its applicable lending office (a "New Lending Office"), the date such Non-U.S. Bank designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any transferee or New Lending Office as a result of an assignment, transfer or designation made at the request of the Company; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any transferee, or Bank through a New Lending Office, would be entitled to receive without regard to this clause (i) do not exceed the indemnity payment or additional amounts that the Person making the assignment or transfer to such transferee, or Bank making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, transfer or designation; or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Bank to comply with the provisions of paragraph (c) above.

(d) Notwithstanding the foregoing, each Bank agrees to use reasonable efforts (consistent with legal and regulatory restrictions) to change its lending office to avoid or to minimize any amounts otherwise payable under Section 18 in each case solely if such change can be made in a manner so that such Bank, in its sole determination, suffers no legal, economic or regulatory disadvantage.

(e) Payments of principal or interest with respect to any Loan, unpaid Reimbursement Obligation or obligation with respect to Bankers' Acceptances shall be made in the currency in which such Loan was advanced or in which such Letter of Credit or Bankers' Acceptance was

issued. Notwithstanding the foregoing, any and all fees payable hereunder (other than Issuance Fees with respect to Letters of Credit issued in C$) shall be payable solely in US$.

SECTION 6.2. MANDATORY REPAYMENTS OF THE LOANS. If at any time (i) the sum of the outstanding principal amount of the Domestic Loans plus the Maximum

Drawing Amount of all outstanding Domestic Letters of Credit exceeds the Total Domestic Commitment, whether by reduction of the Total Domestic Commitment or otherwise, or (ii) the sum of the outstanding principal amount of the Canadian Loans plus the Maximum Drawing Amount of all outstanding Canadian Letters of Credit plus the aggregate face amount of all outstanding Bankers' Acceptances exceeds the Total Canadian Commitment, then the Company shall immediately pay the amount of such excess to the Administrative Agent in the case of clause (i) above, or the Canadian Borrowers, jointly and severally, shall immediately pay the amount of such excess to the Canadian Agent, in the case of clause (ii) above, (a) for application to the Loans, in the case of clause (i) above, first to Syndicated Loans, then to Competitive Bid Loans, subject to Section 6.8, or (b) if no Loans shall be outstanding, to be held by the Administrative Agent or the Canadian Agent, as the case may be for the benefit of the Banks as collateral security for such excess Maximum Drawing Amount and/or borrowings by way of Bankers' Acceptances; provided, however, that if the amount of cash collateral held by the Administrative Agent or the Canadian Agent pursuant to this Section 6.2 exceeds the Maximum Drawing Amount and/or borrowings by way of Bankers' Acceptances required to be collateralized from time to time, such Bank Agent shall return such excess to the applicable Borrower(s).

SECTION 6.3. COMPUTATIONS. (a) Except as otherwise expressly provided herein, all computations of interest, Facility Fees, Letter of Credit Fees or other fees shall be based on a 360-day year and paid for the actual number of days elapsed, except that computations based on the Administrative Agent's "prime rate", Canadian Prime Rate and Canadian Base Rate shall be based on a 365 or 366, as applicable, day year and paid for the actual number of days elapsed. Whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest shall accrue during such extension; provided that for any Interest Period for any Eurodollar Loan if such next succeeding Business Day falls in the next succeeding calendar month or after the Maturity Date, it shall be deemed to end on the next preceding Business Day.

(b) All computations of outstanding Loans, Commitment availability, mandatory prepayments, or other matters hereunder shall be made in US$ or Dollar Equivalents.

SECTION 6.4. ILLEGALITY; INABILITY TO DETERMINE EURODOLLAR RATE. Notwithstanding any other provision of this Agreement (other than Section 6.10), if (a) the introduction of, any change in, or any change in the interpretation of, any law or regulation applicable to any Bank or the Administrative Agent or the Canadian Agent shall make it unlawful, or any central bank or other governmental authority having jurisdiction thereof shall assert that it is unlawful, for any Bank or any such Bank Agent to perform its obligations in respect of any Eurodollar Loans, or (b) if any Bank or any such Bank Agent, as applicable, shall reasonably determine with respect to Eurodollar Loans that (i) by reason of circumstances affecting any Eurodollar interbank market, adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate which would otherwise be applicable during any Interest Period, or (ii) deposits of Dollars in the relevant amount for the relevant Interest Period are not available to such Bank or such Bank Agent in any Eurodollar interbank market, or (iii) the Eurodollar Rate does not or will not accurately reflect the cost to such Bank or such Bank Agent of obtaining or maintaining the applicable Eurodollar Loans during any Interest Period, then such Bank or such Bank Agent shall promptly give telephonic, telex or cable notice of such determination to the applicable Borrower(s) (which notice shall be conclusive and binding upon such Borrower(s)). Upon such notification by such Bank or such Bank Agent, the obligation of the Banks and such Bank Agent to make Eurodollar Loans shall be suspended until the Banks or such Bank Agent, as the case may be, determine that such circumstances no longer exist, and to the extent permitted by law the outstanding Eurodollar Loans shall continue to

bear interest at the applicable rate based on the Eurodollar Rate until the end of the applicable Interest Period, and thereafter shall be deemed converted to Base Rate Loans or Canadian Base Rate Loans, as applicable, in equal principal amounts to such former Eurodollar Loans.

SECTION 6.5. ADDITIONAL COSTS, ETC. If any present or future applicable law (which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any Bank by any central bank or other fiscal, monetary or other authority, whether or not having the force of law) shall:

(a) subject such Bank to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to this Agreement, the other Loan Documents, such Bank's Domestic Commitment or Canadian Commitment, or the Loans (other than taxes based upon or measured by the income or profits of such Bank imposed by the jurisdiction of its incorporation or organization, or the location of its lending office); or

(b) materially change the basis of taxation (except for changes in taxes on income or profits of such Bank imposed by the jurisdiction of its incorporation or organization, or the location of its lending office) of payments to such Bank of the principal or of the interest on any Loans or any other amounts payable to such Bank under this Agreement or the other Loan Documents; or

(c) except as provided in Section 6.6 or as otherwise reflected in the Base Rate, Canadian Base Rate, Canadian Prime Rate, the Eurodollar Rate, or the Competitive Bid Rate, impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or commitments of, an office of any Bank with respect to this Agreement, the other Loan Documents, such Bank's Domestic Commitment or Canadian Commitment, or the Loans; or

(d) impose on such Bank any other conditions or requirements with respect to this Agreement, the other Loan Documents, the Loans, such Bank's Domestic Commitment or Canadian Commitment, as applicable, or any class of loans or commitments of which any of the Loans or such Bank's Domestic Commitment or Canadian Commitment, as applicable, forms a part, and the result of any of the foregoing is:

(i) to increase the cost to such Bank of making, funding, issuing, renewing, extending or maintaining the Loans or such Bank's Domestic Commitment or Canadian Commitment, as applicable, or issuing or participating in Letters of Credit, or accepting and purchasing Bankers' Acceptances;

(ii) to reduce the amount of principal, interest or other amount payable to such Bank hereunder on account of such Bank's Domestic Commitment, Canadian Commitment or the Loans, the Reimbursement Obligations or Bankers' Acceptances; or

(iii) to require such Bank to make any payment or to forego any interest or other sum payable hereunder, the amount of which payment or foregone interest or other sum is

calculated by reference to the gross amount of any sum receivable or deemed received by such Bank from the Borrowers hereunder,

then, and in each such case, the Canadian Borrowers, in the case of Canadian Loans, Canadian Letters of Credit and Bankers' Acceptances, and the Company, in each other case, will, upon demand made by such Bank at any time and from time to time as often as the occasion therefore

may arise (which demand shall be accompanied by a statement setting forth the basis of such demand which shall be conclusive absent manifest error), pay such reasonable additional amounts as will be sufficient to compensate such Bank for such additional costs, reduction, payment or foregone interest or other sum.

SECTION 6.6. CAPITAL ADEQUACY. If any Bank shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any such law, rule, or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or any corporation controlling such Bank) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or any corporation controlling such Bank) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 15 days after demand by such Bank, the Canadian Borrowers, in the case of Canadian Banks, and the Company in the case of the Domestic Banks, shall pay to such Bank such additional amount or amounts as will, in such Bank's reasonable determination, fairly compensate such Bank (or any corporation controlling such Bank) for such reduction. Each Bank shall allocate such cost increases among its customers in good faith and on an equitable basis.

SECTION 6.7. CERTIFICATE. A certificate setting forth the additional amounts payable pursuant to Section 6.5 or Section 6.6 and a reasonable explanation of such amounts which are due, submitted by any Bank to the applicable Borrower(s), shall be conclusive, absent manifest error, that such amounts are due and owing.

SECTION 6.8. EURODOLLAR AND COMPETITIVE BID INDEMNITY. The Company agrees to indemnify the Domestic Banks and the Administrative Agent, and the Canadian Borrowers agree to indemnify the Canadian Banks and the Canadian Agent, and to hold them harmless from and against any reasonable loss, cost or expense that any such Bank and such Bank Agent may sustain or incur as a consequence of (a) the default by such Borrower(s) in payment of the principal amount of or any interest on any Eurodollar Loans or Competitive Bid Loans as and when due and payable, including any such loss or expense arising from interest or fees payable by any Bank or such Bank Agent to lenders of funds obtained by it in order to maintain its Eurodollar Loans or Competitive Bid Loans, (b) the default by such Borrower(s) in making a borrowing of a Eurodollar Loan or Competitive Bid Loan or conversion of a Eurodollar Loan or a prepayment of a Eurodollar or Competitive Bid Loan other than on an Interest

Payment Date after such Borrower(s) has given (or is deemed to have given) a Syndicated Loan Request, a notice pursuant to Section 2.7 or a Notice of Acceptance/Rejection of Competitive Bid Quote(s), or a notice pursuant to Section 2.10, and (c) the making of any payment of a Eurodollar Loan or Competitive Bid Loan, or the making of any conversion of any Eurodollar Loan to a Base Rate Loan or Canadian Base Rate Loan, as applicable, or the reallocation of any Eurodollar Loan pursuant to Section 2.3(d) or Section 2.3(e) on a day that is not the last day of the applicable Interest Period with respect thereto. Such loss, cost, or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by each Bank of (i) its cost of obtaining the funds for (A) the Eurodollar Loan being paid, prepaid, converted, not converted, reallocated, or not borrowed, as the case may be (based on the Eurodollar Rate), or (B) the Competitive Bid Loan being paid, prepaid, or not borrowed, as the case may be (based on the Competitive Bid Rate) for the period from the date of such payment, prepayment, conversion, or failure to borrow or convert, as the case may be, to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for the Loan which would have commenced on the date of such failure to borrow) over (ii) the amount of interest (as reasonably determined by such Bank) that would be realized by such Bank in reemploying the funds so paid, prepaid, converted, or not borrowed, converted, or prepaid for such period or Interest Period, as the case may be, which determinations shall be conclusive absent manifest error.

SECTION 6.9. INTEREST ON OVERDUE AMOUNTS. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable hereunder or under any of the other Loan Documents shall bear interest compounded monthly and payable on demand at a rate per annum equal to the Base Rate, Canadian Base Rate or Canadian Prime Rate, as applicable, plus 2%, until such amount shall be paid in full (after as well as before judgment).

SECTION 6.10. INTEREST LIMITATION.

(a) Notwithstanding any other term of this Agreement or the Notes, any other Loan Document or any other document referred to herein or therein, the maximum amount of interest which may be charged to or collected from any Person liable hereunder or under the Notes by any Bank shall be absolutely limited to, and shall in no event exceed, the maximum amount of interest which could lawfully be charged or collected by such Bank under applicable laws (including, to the extent applicable, the provisions of Section 5197 of the Revised Statutes of the United States of America, as amended, 12 U.S.C. Section 85, as amended, and the Criminal Code (Canada)).

(b) With respect to Canadian Loans, whenever interest is payable hereunder on the basis of a year of 360 days, for the purposes of the Interest Act (Canada), the yearly rate of interest which is equivalent to the rate payable hereunder is the rate payable hereunder multiplied by the actual number of days in the year and divided by 360. All interest will be calculated using the nominal rate method and not the effective rate method and the deemed reinvestment principle shall not apply to such calculations.

SECTION 6.11. REASONABLE EFFORTS TO MITIGATE. Each Bank agrees that as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that would cause it to be affected under Sections 6.4, 6.5 or 6.6, such Bank will give notice thereof to the applicable Borrower(s), with a copy to the Administrative Agent or the Canadian Agent, as applicable, and, to the extent so requested by such Borrower(s) and not inconsistent with such Bank's internal policies, such Bank shall use reasonable efforts and take such actions as are reasonably appropriate if as a result thereof the additional moneys which would otherwise be required to be paid to such Bank pursuant to such sections would be materially reduced, or the

illegality or other adverse circumstances which would otherwise require a conversion of such Loans or result in the inability to make such Loans pursuant to such sections would cease to exist, and in each case if, as determined by such Bank in its sole discretion, the taking such actions would not adversely affect such Loans or such Bank or otherwise be disadvantageous to such Bank.

SECTION 6.12. REPLACEMENT OF BANKS. If any Bank (an "Affected Bank") (i) makes demand upon the Borrowers for (or if Borrowers are otherwise required to pay) amounts pursuant to Sections 6.5 or 6.6, (ii) is unable to make or maintain Eurodollar Loans as a result of a condition described in Section 6.4 or (iii) defaults in its obligation to make Loans, participate in Letters of Credit and/or, in the case of the Canadian Banks, accept and purchase Bankers' Acceptances, in accordance with the terms of this Agreement (such Bank being referred to as a "Defaulting Bank"), the Borrowers may, within 90 days of receipt of such demand, notice (or the occurrence of such other event causing the Borrowers to be required to pay such compensation or causing Section 6.4 to be applicable), or default, as the case may be, by notice (a "Replacement Notice") in writing to the Bank Agents and such Affected Bank (A) request the Affected Bank to cooperate with the Borrowers in obtaining a replacement bank satisfactory to the Bank Agents and the Borrowers (the "Replacement Bank"); (B) request the non-Affected Banks to acquire and assume all of the Affected Bank's Loans and Commitment, participate in Letters of Credit and/or, in the case of the Canadian Banks, accept and purchase Bankers' Acceptances, as provided herein, but none of such Banks shall be under an obligation to do so; or (C) designate a Replacement Bank reasonably satisfactory to the Bank Agents. If any satisfactory Replacement Bank shall be obtained, and/or any of the non-Affected

Banks shall agree to acquire and assume all of the Affected Bank's Loans and Commitment, participate in Letters of Credit and/or, in the case of the Canadian Banks, accept and purchase Bankers' Acceptances, then such Affected Bank shall, so long as no Event of Default shall have occurred and be continuing, assign, in accordance with Section 20, all of its Commitment, Loans, Notes and other rights and obligations under this Agreement and all other Loan Documents to such Replacement Bank or non-Affected Banks, as the case may be, in exchange for payment of the principal amount so assigned and all interest and fees accrued on the amount so assigned, plus all other Obligations then due and payable to the Affected Bank; provided, however, that (x) such assignment shall be without recourse, representation or warranty and shall be on terms and conditions reasonably satisfactory to such Affected Bank and such Replacement Bank and/or non-Affected Banks, as the case may be, and (y) prior to any such assignment, the applicable Borrower(s) shall have paid to such Affected Bank all amounts properly demanded and unreimbursed under Sections 6.5, 6.6 and 6.8. Upon the effective date of such assignment, the Canadian Borrowers, in the case of Canadian Banks, and the Company, in all other cases, shall issue replacement Notes to such Replacement Bank and/or non-Affected Banks, as the case may be, and such Replacement Bank shall become a "Bank" for all purposes under this Agreement and the other Loan Documents.

SECTION 6.13. ADVANCES BY ADMINISTRATIVE AGENT AND CANADIAN AGENT. The Administrative Agent or the Canadian Agent, as applicable, may (unless earlier notified to the contrary by any Bank by 12:00 noon (New York time) one (1) Business Day prior to any Drawdown Date) assume that each Bank has made available (or will before the end of such Business Day make available) to such Bank Agent the amount of such Bank's Domestic Commitment Percentage or Canadian Commitment Percentage, as applicable, with respect to the Loans (or, in the case of Competitive Bid Loans, the amount of such Domestic Bank's accepted offers of such Loans, if any) to be made on such Drawdown Date, and such Bank Agent may (but shall not be required to), in reliance upon such assumption, make available to the applicable Borrower(s) a corresponding amount. If any Bank makes such amount available to such Bank Agent on a date after such Drawdown Date, such Bank shall pay such Bank Agent on demand an amount equal to the product of (i) the average, computed for the period referred to in clause (iii) below, of the weighted average annual interest rate

paid by such Bank Agent for federal funds acquired by such Bank Agent, or corresponding Canadian funds in the case of the Canadian Agent, during each day included in such period times (ii) the amount equal to such Bank's Domestic Commitment Percentage of such Syndicated Loan and Canadian Commitment Percentage of such Canadian Loan, as applicable (or, in the case of Competitive Bid Loans and Swing Line Loans, the amount of such Domestic Bank's accepted offer of such Competitive Bid Loans, if any, and portion of such Swing Line Loans) times (iii) a fraction, the numerator of which is the number of days that elapse from and including such Drawdown Date to

but not including the date on which the amount equal to such Bank's Domestic Commitment Percentage or Canadian Commitment Percentage, as applicable, of such Loans, or the amount of such Domestic Bank's accepted offers of such Competitive Bid Loans, if any, and portion of Swing Line Loans, shall become immediately available to such Bank Agent, and the denominator of which is 365. A statement of such Bank Agent submitted to such Bank with respect to any amounts owing under this paragraph shall be prima facie evidence of the amount due and owing to such Bank Agent by such Bank. If such amount is not in fact made available to such Bank Agent by such Bank within three (3) Business Days of such Drawdown Date, such Bank Agent shall be entitled to recover such amount from such Borrower(s), with interest thereon at the applicable rate per annum.

SECTION 6.14. CURRENCY FLUCTUATIONS.

(a) Not later than 1:00 p.m. (New York time) on the last Business Day of each calendar month (the "Calculation Date"), the Administrative Agent shall determine the Exchange Rate as of such date. The Exchange Rate so determined shall become effective on the first Business Day immediately following such determination (a "Reset Date") and shall remain effective until the next succeeding Reset Date.

(b) Not later than 4:00 p.m. (New York time) on each Reset Date, the Administrative Agent shall consult with the Canadian Agent to determine the Dollar Equivalent of the outstanding Canadian Loans, Bankers' Acceptances and Canadian Letters of Credit denominated in Canadian Dollars.

(c) If, on any Reset Date and on the Maturity Date, the aggregate outstanding amount (expressed in U.S. Dollars) of all Canadian Loans, the Maximum Drawing Amount with respect to Canadian Letters of Credit, and the aggregate face amount of all outstanding Bankers' Acceptances exceeds the Total Canadian Commitment by more than $100,000, then (i) the Canadian Agent shall give notice thereof to the Canadian Borrowers and the Canadian Banks and (ii) within two (2) Business Days thereafter, the Canadian Borrowers shall repay or prepay Canadian Loans in accordance with this Agreement in an aggregate principal amount such that, after giving effect thereto, the aggregate outstanding amount (expressed in U.S. Dollars) of all Canadian Loans, the Maximum Drawing Amount with respect to Canadian Letters of Credit and the aggregate face amount of all outstanding Bankers' Acceptances no longer exceeds the Total Canadian Commitment (expressed in U.S. Dollars).

(d) Without limiting subsection 6.14(c), if, on any day prior to the Maturity Date, the aggregate outstanding amount (expressed in U.S. Dollars) of all Canadian Loans, the Maximum Drawing

Amount with respect to Canadian Letters of Credit and the aggregate face amount of all outstanding Bankers' Acceptances exceeds the Total Canadian Commitment by five percent (5%) or more, then (i) the Canadian Agent shall give notice thereof to the Canadian Borrowers and the Canadian Banks and (ii) within two (2) Business Days thereafter, the Canadian Borrowers shall repay or prepay Canadian Loans in accordance with this Agreement in an aggregate principal amount such that, after giving effect thereto, the aggregate outstanding amount (expressed in U.S. Dollars) of all Canadian Loans, the Maximum Drawing Amount with respect to Canadian Letters of Credit and the aggregate face amount of all outstanding Bankers' Acceptances no longer exceeds the Total Canadian Commitment (expressed in U.S. Dollars). Nothing set forth in this Section 6.14 shall be construed to require any Bank Agent to calculate daily compliance under this Section 6.14 unless expressly requested to do so by a Bank.

(e) To the extent the repayments and prepayments referenced in Section 6.14(c) and Section 6.14(d) are such that, after giving effect thereto, the Maximum Drawing Amount with respect to Canadian Letters of Credit and the aggregate face amount of all outstanding Bankers' Acceptances (expressed in U.S. Dollars) still exceeds the Total Canadian Commitment (expressed in U.S. Dollars), then the Canadian Borrowers shall immediately upon demand provide cash collateral to the Canadian Agent required to obtain such results.

SECTION 7. REPRESENTATIONS AND WARRANTIES. Each of the Borrowers (and Sanifill, where identified by name) represents and warrants to the Banks that:

SECTION 7.1. CORPORATE AUTHORITY.

(a) INCORPORATION; GOOD STANDING. The Company and each of its Subsidiaries (i) is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, (ii) has all requisite corporate power to own its property and conduct its business as now conducted and as presently contemplated, and (iii) is in good standing as a foreign corporation and is duly authorized to do business in each jurisdiction in which its property or business as presently conducted or contemplated makes such qualification necessary, except where a failure to be so qualified would not have a material adverse effect on the business, assets or financial condition of the Company and its Subsidiaries as a whole.

(b) Authorization. The execution, delivery and performance of its Loan Documents and the transactions contemplated hereby and thereby (i) are within the corporate authority of each of the Borrowers and Sanifill, (ii) have been duly authorized by all necessary corporate proceedings on the part of each of the Borrowers and Sanifill, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which any of the Borrowers, Sanifill or any Subsidiary of the Company is subject or any judgment, order, writ, injunction, license or permit applicable to any of the Borrowers, Sanifill or any such Subsidiary so as to materially adversely affect the assets, business or any activity of any of the Borrowers, Sanifill and their Subsidiaries as a whole, and (iv) do not conflict with any provision of the corporate charter or bylaws of any of the Borrowers, Sanifill or any Subsidiary or any agreement or other instrument binding upon any of the Borrowers, Sanifill or any of their Subsidiaries.

(c) Enforceability. The execution, delivery and performance of the Loan Documents by each of the Borrowers and Sanifill will result in valid and legally binding obligations of each

of the Borrowers and Sanifill enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

SECTION 7.2. GOVERNMENTAL APPROVALS. The execution, delivery and performance of the Loan Documents by each of the Borrowers and Sanifill and the consummation by each of the Borrowers and Sanifill of the transactions contemplated hereby and thereby do not require any approval or consent of, or filing with, any governmental agency or authority other than those already obtained and those required after the date hereof in connection with the Company's and its Subsidiaries' performance of their covenants contained in Section Section 8, 9 and 10 hereof.

SECTION 7.3. TITLE TO PROPERTIES; LEASES. The Company and its Subsidiaries own all of the assets reflected in the consolidated balance sheet as at the Interim Balance Sheet Date or acquired since that date (except property and assets operated under capital leases or sold or otherwise disposed of in the ordinary course of business since that date), subject to no mortgages, Capitalized Leases, conditional sales agreements, title retention agreements, liens or other encumbrances except Permitted Liens.

SECTION 7.4. FINANCIAL STATEMENTS; SOLVENCY.

(a) There have been furnished to the Banks consolidated balance sheets of the Company and its Subsidiaries and Sanifill and its Subsidiaries dated the Balance Sheet Date and consolidated statements of operations for the fiscal periods then ended, certified by the Accountants. In addition, there have been furnished to the Banks consolidated balance sheets of the Company and its Subsidiaries dated the Interim Balance Sheet Date and the related consolidated statements of operation for the period of three (3) consecutive fiscal quarters ending on the Interim Balance Sheet Date. All said balance sheets and statements of operations have been prepared in accordance with GAAP (but, in the case of any of such financial statements which are unaudited, only to the extent GAAP is applicable to interim unaudited reports), fairly present the financial condition of the Company and its Subsidiaries or Sanifill and its Subsidiaries, on a consolidated basis, as at the close of business on the dates thereof and the results of operations for the periods then ended, subject, in the case of unaudited interim financial statements, to changes resulting from audit and normal year-end adjustments and to the absence of complete footnotes. There are no contingent liabilities of the Company and its Subsidiaries or Sanifill and its Subsidiaries involving material amounts, known to the officers of the Company and Sanifill which have not been disclosed in said balance sheets and the related notes thereto or otherwise in writing to the Banks.

(b) The Company and its Subsidiaries on a consolidated basis (both before and after giving effect to the transactions contemplated by this Agreement including the Mid-American Acquisition and the Allied Acquisition) are solvent (i.e., they have assets having a fair value in excess of the amount required to pay their probable liabilities on their existing debts as they become absolute and matured) and have, and expect to have, the ability to pay their debts from time to time incurred in connection therewith as such debts mature.

SECTION 7.5. NO MATERIAL CHANGES, ETC. Since the Interim Balance Sheet

Date, there have occurred no material adverse changes in the consolidated financial condition, business or assets of the Company and its Subsidiaries, taken together, or Sanifill and its Subsidiaries, taken together, as the case may be, as shown on or reflected in the consolidated balance sheets of the Company and its Subsidiaries or Sanifill and its Subsidiaries as at the Interim Balance Sheet Date, or the consolidated statements of income for the period then ended other than changes in the ordinary course of business which have not had any material adverse effect either individually or in the aggregate on the financial condition, business or assets of the Company and its Subsidiaries, taken together, or Sanifill and its Subsidiaries, taken together, as the case may be.

Since the Interim Balance Sheet Date, there have not been any Distributions (including Distributions by the Company or Sanifill) other than as permitted by Section 9.5 hereof.

SECTION 7.6. FRANCHISES, PATENTS, COPYRIGHTS, ETC. The Company and each of its Subsidiaries possess all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of their business substantially as now conducted (other than those the absence of which would not have a material adverse effect on the business, operations or financial condition of the Company and its Subsidiaries as a whole) without known conflict with any rights of others other than a conflict which would not have a material adverse effect on the financial condition, business or assets of the Company and its Subsidiaries as a whole.

SECTION 7.7. LITIGATION. Except as set forth on Schedule 7.7, there are no actions, suits, proceedings or investigations of any kind pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against the Company or any of its Subsidiaries before any court, tribunal or administrative agency or board which, either in any case or in the aggregate, could reasonably be expected to have a material adverse effect on the financial condition, business, or assets of the Company and its Subsidiaries, considered as a whole, or materially impair the right of the Company and its Subsidiaries, considered as a whole, to carry on business substantially as now conducted, or result in any substantial liability not adequately covered by insurance, or for which adequate reserves are not maintained on the consolidated balance sheet or which question the validity of any of the Loan Documents to which the Company or any of its Subsidiaries is a party, or any action taken or to be taken pursuant hereto or thereto.

SECTION 7.8. NO MATERIALLY ADVERSE CONTRACTS, ETC. Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's or such Subsidiary's officers has or could reasonably be expected in the future to have a materially adverse effect on the business, assets or financial condition of the Company and its Subsidiaries, considered as a whole. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's or its Subsidiary's officers has or could reasonably be expected to have any materially adverse effect on the financial condition, business or assets of the Company and its Subsidiaries, considered as a whole, except as otherwise reflected in adequate reserves as required by GAAP.

SECTION 7.9. COMPLIANCE WITH OTHER INSTRUMENTS, LAWS, ETC. Neither the Company nor any of its Subsidiaries is (a) violating any provision of its charter documents or by-laws or (b) any agreement or instrument to which any of them may be subject or by which any of them

or any of their properties may be bound or any decree, order, judgment, or any statute, license, rule or regulation, in a manner which could (in the case of such agreements or such instruments) reasonably be expected to result in the imposition of substantial penalties or materially and adversely affect the financial condition, business or assets of the Company and its Subsidiaries, considered as a whole.

SECTION 7.10. TAX STATUS. The Company and its Subsidiaries have filed all federal, state, provincial and territorial income and all other tax returns, reports and declarations (or obtained extensions with respect thereto) required by applicable law to be filed by them (unless and only to the extent that the Company or such Subsidiary has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes as required by GAAP); and have paid all taxes and other governmental assessments and charges (other than taxes, assessments and other governmental charges imposed by jurisdictions other than the United States, Canada or any political subdivision thereof which in the aggregate are not material to the financial condition, business or assets of the Company or such Subsidiary on an individual basis or of the Company and its Subsidiaries on a consolidated basis) that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith; and, as required by GAAP, have set aside on their books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. Except to the extent contested in the manner permitted in the preceding sentence, there are no unpaid taxes in any material amount claimed by the taxing authority of any jurisdiction to be due and owing by the Company or any Subsidiary, nor do the officers of the Company or any of its Subsidiaries know of any basis for any such claim.

SECTION 7.11. NO EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.

SECTION 7.12. HOLDING COMPANY AND INVESTMENT COMPANY ACTS. Neither the Company nor any of its Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935; nor is any of them a "registered investment company", or an "affiliated company" or a "principal underwriter" of a "registered investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

SECTION 7.13. ABSENCE OF FINANCING STATEMENTS, ETC. Except as permitted by Section 9.2 of this Agreement, there is no Indebtedness senior to the Obligations, and there is no effective financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry, or other public office, which purports to cover, affect or give notice of

any present or possible future lien on, or security interest in, any assets or property of the Company or any of its Subsidiaries or right thereunder.

SECTION 7.14. EMPLOYEE BENEFIT PLANS.

(a) In General. Each Employee Benefit Plan has been maintained and operated in compliance in all material respects with the provisions of ERISA and/or all Applicable Canadian Pension Legislation, as applicable, and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions.

(b) Terminability of Welfare Plans. Under each Employee

Benefit Plan which is an employee welfare benefit plan within the meaning of Section 3(1) or Section 3 (2)(B) of ERISA, no benefits are due unless the event giving rise to the benefit entitlement occurs prior to plan termination (except as required by Title I, part 6 of ERISA.) The Company, each of its Subsidiaries, or ERISA Affiliate, as appropriate, may terminate each such plan at any time (or at any time subsequent to the expiration of any applicable bargaining agreement) in the discretion of Company or such Subsidiary, or ERISA Affiliate without material liability to any Person.

(c) Guaranteed Pension Plans. Neither the Company nor any of its Subsidiaries is a sponsor of, or contributor to, a Guaranteed Pension Plan.

(d) Multiemployer Plans. Neither the Company, any of its Subsidiaries, nor any ERISA Affiliate has incurred any material liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under Section 4201 of ERISA or as a result of a sale of assets described in Section 4204 of ERISA. Neither the Company, any of its Subsidiaries, nor any ERISA Affiliate has been notified that any Multiemployer Plan is in reorganization or is insolvent under and within the meaning of Section 4241 or Section 4245 of ERISA or that any Multiemployer Plan intends to terminate or has been terminated under Section 4041A of ERISA.

SECTION 7.15. ENVIRONMENTAL COMPLIANCE. The Company and its Subsidiaries have taken all necessary steps to investigate the past and present condition and usage of the Real Property and the operations conducted by the Company and its Subsidiaries and, based upon such diligent investigation, have determined that, except as set forth on Schedule 7.15:

(a) Neither the Company, its Subsidiaries, nor any operator of their properties, is in violation, or alleged violation, of any judgment, decree, order, law, permit, license, rule or regulation pertaining to

environmental matters, including without limitation, those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, or any United States or Canadian federal, state, provincial, territorial or local statute, regulation, ordinance, order or decree relating to health, safety, waste transportation or disposal, or the environment (the "Environmental Laws"), which violation would have a material adverse effect on the business, assets or financial condition of the Company and its Subsidiaries on a consolidated basis.

(b) Except as described on Schedule 7.15, neither the Company nor any of its Subsidiaries has received notice from any third party including, without limitation: any federal, state, provincial, territorial or local governmental authority, (i) that any one of them has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B; (ii) that any hazardous waste, as defined by 42 U.S.C. Section 6903(5), any hazardous substances as defined by 42 U.S.C. Section 9601(14), any pollutant or contaminant as defined by 42 U.S.C. Section 9601(33) or any toxic substance, oil or hazardous materials or other chemicals or substances regulated by any

Environmental Laws, excluding household hazardous waste ("Hazardous Substances"), which any one of them has generated, transported or disposed of, has been found at any site at which a federal, state, provincial, territorial or local agency or other third party has conducted or has ordered that the Company or any of its Subsidiaries conduct a remedial investigation, removal or other response action pursuant to any Environmental Law; or (iii) that it is or shall be a named party to any claim, action, cause of action, complaint, legal or administrative proceeding arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the Release of Hazardous Substances.

(c) (i) No portion of the Real Property or other assets of the Company and its Subsidiaries has been used for the handling, processing, storage or disposal of Hazardous Substances except in accordance with applicable Environmental Laws, except as would not reasonably be expected to have a material adverse effect on the business, assets or financial condition of the Company and its Subsidiaries on a consolidated basis; and no underground tank or other underground storage receptacle for Hazardous Substances is located on such properties; (ii) in the course of any activities conducted by the Company, its Subsidiaries, or operators

of the Real Property or other assets of the Company and its Subsidiaries, no Hazardous Substances have been generated or are being used on such properties except in accordance with applicable Environmental Laws, except for occurrences that would not have a material adverse effect on the business, assets or financial condition of the Company and its Subsidiaries on a consolidated basis; (iii) there have been no unpermitted Releases or threatened Releases of Hazardous Substances on, upon, into or from the Real Property or other assets of the Company or its Subsidiaries, which Releases would have a material adverse effect on the value of such properties; (iv) to the best of the Company's and its Subsidiaries' knowledge, there have been no Releases on, upon, from or into any real property in the vicinity of the Real Property or other assets of the Company or its Subsidiaries which, through soil or groundwater contamination, may have come to be located on, and which would reasonably be expected to have a material adverse effect on the value of, such properties; and (v) in addition, any Hazardous Substances that have been generated on the Real Property or other assets of the Company or its Subsidiaries have been transported offsite only by carriers having an identification number issued by the EPA, treated or disposed of only by treatment or disposal facilities maintaining valid permits as required under applicable Environmental Laws, which transporters and facilities have been and are, to the best of the Company's and its Subsidiaries' knowledge, operating in compliance with such permits and applicable Environmental Laws.

(d) None of the Real Property or other assets of the Company or its Subsidiaries or any of the stock (or assets) being acquired with proceeds of Loans is or shall be subject to any applicable environmental clean-up responsibility law or environmental restrictive transfer law or regulation, by virtue of the transactions set forth herein and contemplated hereby.

SECTION 7.16. TRUE COPIES OF CHARTER AND OTHER DOCUMENTS. Each of the Borrowers and Sanifill has furnished the Documentation Agent copies, in each case true and complete as of the Closing Date, of (a) all charter and other incorporation documents (together with any amendments thereto) and (b) by-laws (together with any amendments thereto).

SECTION 7.17. DISCLOSURE. No representation or warranty made by any of the Borrowers or Sanifill in this Agreement or in any agreement, instrument, document, certificate, statement or letter furnished to the Banks or the Bank Agents by or on behalf of or at the request of the Borrowers and Sanifill in connection with any of the transactions contemplated by the Loan Documents contains any untrue statement of a material

fact or omits to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances in which they are made.

SECTION 7.18. PERMITS AND GOVERNMENTAL AUTHORITY. All permits (other than those the absence of which would not have a material adverse effect on the business, operations or financial condition of the Company and its Subsidiaries as a whole) required for the construction and operation of all landfills currently owned or operated by the Company or any of its Subsidiaries have been obtained and remain in full force and effect and are not subject to any appeals or further proceedings or to any unsatisfied conditions that may allow material modification or revocation. Neither the Company nor any of its Subsidiaries, nor, to the knowledge of the Company and its Subsidiaries, the holder of such permits is in violation of any such permits, except for any violation which would not have a material adverse effect on the business, operations or financial condition of the Company and its Subsidiaries as a whole.

SECTION 8. AFFIRMATIVE COVENANTS OF THE BORROWERS. Each of the Company, and the Canadian Borrowers where applicable, agrees that, so long as any Obligation or any Letter of Credit is outstanding or the Banks have any obligation to make Loans, or the Canadian Banks have any further obligation with respect to Bankers' Acceptances, or the Issuing Bank has any obligation to issue, extend or renew any Letters of Credit hereunder, or the Banks have any obligations to reimburse the Issuing Bank for drawings honored under any Letter of Credit, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

SECTION 8.1. PUNCTUAL PAYMENT. The applicable Borrower(s) will duly and punctually pay or cause to be paid the principal and interest on the Loans, all Reimbursement Obligations, all Bankers' Acceptances, fees and other amounts provided for in this Agreement and the other Loan Documents, all in accordance with the terms of this Agreement and such other Loan Documents.

SECTION 8.2. MAINTENANCE OF U.S. OFFICE. The Company will, and will cause each of its Subsidiaries in the United States of America to, maintain its chief executive offices at Houston, Texas, or at such other place in the United States of America as the Company shall designate upon 30 days' prior written notice to the Bank Agents.

SECTION 8.3. RECORDS AND ACCOUNTS. The Company will, and will cause each of its Subsidiaries to, keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with GAAP and with the requirements of all regulatory authorities and maintain adequate accounts and reserves for all taxes (including income taxes), depreciation, depletion, obsolescence and amortization of its properties, all other contingencies, and all other proper reserves.

SECTION 8.4. FINANCIAL STATEMENTS, CERTIFICATES AND INFORMATION. The Company will deliver to the Banks:

(a) as soon as practicable, but, in any event not later than 92 days after the end of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, consolidated statements of cash flows, and the related consolidated statements of operations, each setting forth in comparative form the figures for the previous fiscal year, all such consolidated financial statements to be in reasonable detail, prepared, in accordance with GAAP and, with respect to the consolidated financial statements, certified by Coopers & Lybrand LLP or by other independent auditors selected by the Company and reasonably satisfactory to the Banks (the "Accountants"). In addition, simultaneously therewith, the Company shall provide the Banks with a written statement from such Accountants to the effect that they have read a copy of this Agreement, and that, in making the examination necessary to said certification, they have obtained no knowledge of any Default or Event of Default, or, if such Accountants shall have obtained knowledge of any then existing Default or Event of Default they shall disclose in such statement any such Default or Event of Default;

(b) as soon as practicable, but in any event not later than 47 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, copies of the consolidated balance sheet and statement of operations of the Company and its Subsidiaries as at the end of such quarter, subject to year-end adjustments, and the related consolidated statement of cash flows, all in reasonable detail and prepared in accordance with GAAP (to the extent GAAP is applicable to interim unaudited financial statements) with a certification by the principal financial or accounting officer of the Company (the "CFO or the CAO") that the consolidated financial statements are prepared in accordance with GAAP (to the extent GAAP is applicable to interim unaudited financial statements) and fairly present the consolidated financial condition of the Company and its Subsidiaries on a consolidated basis as at the close of business on the date thereof and the results of operations for the period then ended, it being understood that no such statement need be accompanied by complete footnotes;

(c) simultaneously with the delivery of the financial statements referred to in (a) and (b) above, a certificate in the form of Exhibit I hereto (the "Compliance Certificate") signed by the CFO or the CAO or the Company's corporate treasurer, stating that the Company and its Subsidiaries are in compliance with the covenants contained in Section Section 8, 9 and 10 hereof as of the end of the applicable period and setting forth in

reasonable detail computations evidencing such compliance with respect to the covenants contained in Section Section 9.1(e), 9.3, 9.4, 9.5, and 10 hereof and that no Default or Event of Default exists, provided that if the Company shall at the time of issuance of such Compliance Certificate or at any other time obtain knowledge of any Default or Event of Default, the Company shall include in such certificate or otherwise deliver forthwith to the Banks a certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto;

(d) contemporaneously with, or promptly following, the filing or mailing thereof, copies of all material of a financial nature filed with the Securities and Exchange Commission or sent to the Company's and its Subsidiaries' stockholders generally; and

(e) from time to time such other financial data and other information as the Banks may reasonably request.

The Borrowers hereby authorize each Bank to disclose any information obtained pursuant to this Agreement to all appropriate governmental regulatory authorities where required by law; provided, however, this authorization shall not be deemed to be a waiver of any rights to object to the disclosure by the Banks of any such information which any Borrower has or may have under the federal Right to Financial Privacy Act of 1978, as in effect from time to time, except as to matters specifically permitted therein.

SECTION 8.5. CORPORATE EXISTENCE AND CONDUCT OF BUSINESS. The Company will, and will cause each Subsidiary, to do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, corporate rights and franchises; and effect and maintain its foreign qualifications (except where the failure of the Company or any Subsidiary to remain so qualified would not materially adversely impair the financial condition, business or assets of the Company and its Subsidiaries on a consolidated basis), licensing, domestication or authorization except as terminated by its Board of Directors in the exercise of its reasonable judgment; provided that such termination would not have a material adverse effect on the financial condition, business or assets of the Company and its Subsidiaries on a consolidated basis. The Company will not, and will cause its Subsidiaries not to, become obligated under any contract or binding arrangement which, at the time it was entered into, would materially adversely impair the financial condition, business or assets of the Company and its Subsidiaries, on a consolidated basis. The Company will, and will cause each Subsidiary to, continue to engage primarily in the businesses now conducted by it and in related businesses.

SECTION 8.6. MAINTENANCE OF PROPERTIES. The Company will, and will cause its Subsidiaries to, cause all material properties used or useful in the conduct of

their businesses to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company and its Subsidiaries may be necessary so that the businesses carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this section shall prevent the Company or any of its Subsidiaries from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of the Company or such Subsidiary, desirable in the conduct of its or their business and which does not in the aggregate materially adversely affect the financial condition, business or assets of the Company and its Subsidiaries on a consolidated basis.

SECTION 8.7. INSURANCE. The Company will, and will cause its Subsidiaries to, maintain with financially sound and reputable insurance companies, funds or underwriters, insurance of the kinds, covering the risks (other than risks arising out of or in any way connected with personal liability of any officers and directors thereof) and in the relative proportionate amounts usually carried by reasonable and prudent companies conducting businesses similar to that of the Company and its Subsidiaries, in amounts substantially similar to the existing coverage policies maintained by the Company and its Subsidiaries, copies of which have been provided to the Documentation Agent. In addition, the Company will furnish from time to time, upon any Bank's request, a summary of the insurance coverage of the Company and its Subsidiaries, which summary shall be in form and substance satisfactory to the Banks and, if requested by any of the Banks, will furnish to the Documentation Agent and such Bank copies of the applicable policies.

SECTION 8.8. TAXES. The Company will, and will cause its Subsidiaries to, duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges (other than taxes, assessments and other governmental charges imposed by jurisdictions other than the United States, Canada or any political subdivision thereof, which in the aggregate are not material to the business, financial

conditions, or assets of the Company and its Subsidiaries on a consolidated basis) imposed upon it and its real properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid might by law become a lien or charge upon any of its property; provided, however, that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Company or such Subsidiary shall have set aside on its books adequate reserves with respect thereto as required by GAAP; and provided, further, that the Company or such Subsidiary will pay all such taxes, assessments, charges,

levies or claims forthwith upon the commencement of proceedings to foreclose any lien which may have attached as security therefor.

SECTION 8.9. INSPECTION OF PROPERTIES, BOOKS AND CONTRACTS. The Company will, and will cause its Subsidiaries to, permit the Bank Agents or any Bank or any of their designated representatives, upon reasonable notice, to visit and inspect any of the properties of the Company and its Subsidiaries, to examine the books of account of the Company and its Subsidiaries, or contracts (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Company and its Subsidiaries with, and to be advised as to the same by, their officers, all at such times and intervals as may be reasonably requested.

SECTION 8.10. COMPLIANCE WITH LAWS, CONTRACTS, LICENSES AND PERMITS; MAINTENANCE OF MATERIAL LICENSES AND PERMITS. The Company will, and will cause each Subsidiary to, (i) comply with the provisions of its charter documents and by-laws; (ii) comply in all material respects with all agreements and instruments by which it or any of its properties may be bound; (iii) comply with all applicable laws and regulations (including Environmental Laws), decrees, orders, judgments, licenses and permits, including, without limitation, all environmental permits ("Applicable Requirements"), except where noncompliance with such Applicable Requirements would not reasonably be expected to have a material adverse effect in the aggregate on the consolidated financial condition, properties or businesses of the Company and its Subsidiaries; and (iv) maintain all material operating permits for all landfills now owned or hereafter acquired; and (v) dispose of hazardous waste only at licensed disposal facilities operating, to the best of the Company's or such Subsidiary's knowledge after reasonable inquiry, in compliance with Environmental Laws. If at any time any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any government shall become necessary or required in order that the Company or any Subsidiary may fulfill any of its obligations hereunder or under any other Loan Document, the Company will immediately take or cause to be taken all reasonable steps within the power of the Company or such Subsidiary to obtain such authorization, consent, approval, permit or license and furnish the Banks with evidence thereof.

SECTION 8.11. ENVIRONMENTAL INDEMNIFICATION. The Company covenants and agrees that it will indemnify and hold the Banks, the Issuing Bank and the Bank Agents and their respective affiliates, and each of the representatives, agents and officers of each of the foregoing, harmless from and against any and all claims, expense, damage, loss or liability incurred by the Banks, the Issuing Bank or the Bank Agents (including all costs of legal representation incurred by the Banks, the Issuing Banks or the Bank Agents) relating to (a) any Release or threatened Release of Hazardous Substances on the Real Property; (b) any

violation of any Environmental Laws or Applicable Requirements with respect to conditions at the Real Property or other assets of the Company or its Subsidiaries, or the operations conducted thereon; or (c) the investigation or remediation of offsite locations at which the Company, any of its Subsidiaries, or their predecessors are alleged to have directly or indirectly Disposed of Hazardous Substances. Further, each of the Canadian Borrowers covenants and

agrees that it will indemnify and hold the Canadian Banks and the Canadian Agent and their respective affiliates, and each of the representatives, agents and officers of each of the foregoing, harmless as and to the same extent as the Company indemnifies the Banks, the Issuing Bank and Bank Agents above, provided, that such indemnity by the Canadian Borrowers shall apply only to the extent that matters set forth in clauses (a), (b) and (c) above relate to the Real Property owned or operated by the Canadian Borrowers, or violations of Environmental Laws or Disposal of Hazardous Wastes by the Canadian Borrowers. It is expressly acknowledged by the Company and the Canadian Borrowers that this covenant of indemnification shall survive the payment of the Loans, Bankers' Acceptances and Reimbursement Obligations and satisfaction of all other Obligations hereunder and shall inure to the benefit of the Banks, the Issuing Bank, the Bank Agents and their affiliates, successors and assigns.

SECTION 8.12. FURTHER ASSURANCES. Each of the Borrowers and Sanifill will cooperate with the Documentation Agent and execute such further instruments and documents as the Documentation Agent shall reasonably request to carry out to the Banks' satisfaction the transactions contemplated by this Agreement.

SECTION 8.13. NOTICE OF POTENTIAL CLAIMS OR LITIGATION. The Company shall deliver to the Banks, within 30 days of receipt thereof, written notice of the initiation of any action, claim, complaint, or any other notice of dispute or potential litigation against the Company or any of its Subsidiaries wherein the potential liability is in excess of $10,000,000 together with a copy of each such notice received by the Company or any of its Subsidiaries.

SECTION 8.14. NOTICE OF CERTAIN EVENTS CONCERNING INSURANCE AND ENVIRONMENTAL CLAIMS.

(a) The Company will provide the Banks with written notice as to any material cancellation or material adverse change in any insurance of the Company or any of its Subsidiaries within ten (10) Business Days after the Company's or any of its Subsidiary's receipt of any notice (whether formal or informal) of such material cancellation or material change by any of its insurers.

(b) The Company will promptly notify the Banks in writing of any of the following events:

(i) upon the Company's or any Subsidiary's obtaining knowledge of any violation of any Environmental Law regarding the Real Property or the Company's or any Subsidiary's operations which violation could have a material adverse effect on the business, financial condition, or assets of the Company and its Subsidiaries on a consolidated basis;

(ii) upon the Company's or any Subsidiary's obtaining knowledge of any potential or known Release, or threat of Release, of any Hazardous Substance at, from, or into the Real Property which could materially affect the business, financial condition, or assets of the Company and its Subsidiaries on a consolidated basis;

(iii) upon the Company's or any Subsidiary's receipt of any notice of any material violation of any Environmental Law or of any Release or threatened Release of Hazardous Substances, including a notice or claim of liability or potential responsibility from any third party (including any federal, state, provincial, territorial or local governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) the Company's, any Subsidiary's or any Person's operation of the Real Property, (B) contamination on, from, or into the Real Property, or (C) investigation or remediation of offsite locations at which the Company, any

Subsidiary, or its predecessors are alleged to have directly or indirectly Disposed of Hazardous Substances, and with respect to which the liability associated therewith could be reasonably expected to exceed $10,000,000; or

(iv) upon the Company's or any Subsidiary's obtaining knowledge that any expense or loss which individually or in the aggregate exceeds $10,000,000 has been incurred by such governmental authority in connection with the assessment, containment, removal or remediation of any Hazardous Substances with respect to which the Company or any Subsidiary may be liable or for which a lien may be imposed on the Real Property.

SECTION 8.15. NOTICE OF DEFAULT. The Company will promptly notify the Banks in writing of the occurrence of any Default or Event of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or any other note, evidence of indebtedness, indenture or other obligation evidencing indebtedness in excess of $10,000,000 as to which the Company or any of its Subsidiaries is a party or obligor, whether as principal or surety, the Company shall forthwith upon obtaining actual knowledge thereof give written notice

thereof to the Banks, describing the notice of action and the nature of the claimed default.

SECTION 8.16. USE OF PROCEEDS. The proceeds of the Domestic Loans shall be used for general corporate purposes and in connection with the Allied Acquisition and the Mid-American Acquisition and refinancing existing debt and letters of credit of Allied, Mid-American, and the Company. The proceeds of the Canadian Loans shall be used for the general corporate purposes of the Canadian Borrowers, including refinancing existing debt and letters of credit of the Canadian Borrowers. No proceeds of the Loans shall be used in any way that will violate Regulations G, T, U or X of the Board of Governors of the Federal Reserve System.

SECTION 8.17. CERTAIN TRANSACTIONS. Except as disclosed in filings made by the Company under the Securities Exchange Act of 1934, and except for arm's length transactions pursuant to which the Company or any Subsidiary makes payments in the ordinary course of business upon terms no less favorable than the Company or such Subsidiary could obtain from third parties, none of the officers, directors, or employees of the Company or any Subsidiary are presently or shall be a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company or any Subsidiary, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

SECTION 9. CERTAIN NEGATIVE COVENANTS OF THE BORROWERS. Each of the Company, and the Canadian Borrowers where applicable, agrees that, so long as any Obligation or Letter of Credit or Bankers' Acceptance is outstanding or the Banks have any obligation to make Loans or the Canadian Banks have any further obligations with respect to Bankers' Acceptances, or the Issuing Bank has any obligation to issue, extend or renew any Letters of Credit hereunder, or the Banks have any obligation to reimburse the Issuing Bank for drawings honored under any Letter of Credit, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

SECTION 9.1. RESTRICTIONS ON INDEBTEDNESS. Neither the Company nor any of its Subsidiaries shall become or be a guarantor or surety of, or otherwise create, incur, assume, or be or remain liable, contingently or otherwise, with

respect to any Indebtedness, or become or be responsible in any manner (whether by agreement to purchase any obligations, stock, assets, goods or services, or to supply or advance any funds, assets, goods or services or otherwise) with respect to any Indebtedness of any other Person, or incur any Indebtedness other than:

(a) Indebtedness arising under this Agreement or the other Loan Documents;

(b) Existing Indebtedness of the Company and its Subsidiaries listed on Schedule 9.1(b) hereto on the terms and conditions in effect as of the date hereof, including extensions, renewals and refinancing of such Indebtedness in amounts no greater than and on terms no more restrictive than exist on the Closing Date;

(c) (i) Indebtedness incurred by the Company or any Subsidiary with respect to any suretyship or performance bond incurred in the ordinary course of its business (other than landfill closure bonds); and

(ii) Guarantees of the Subsidiaries' obligations to governmental authorities in lieu of the posting of any landfill closure bonds;

(d) Unsecured Indebtedness of the Company, including commercial paper, which is pari passu or subordinated to the Obligations; provided that there does not exist a Default or Event of Default at the time of the incurrence of such Indebtedness and no Default or Event of Default would be created by incurrence of such Indebtedness;

(e) (i) Indebtedness of the Company's Subsidiaries, (ii) secured Indebtedness of the Company, and (iii) Indebtedness with respect to landfill closure bonds of the Company's Subsidiaries; provided that the aggregate amount of such Indebtedness in (i), (ii) and (iii) shall not exceed 7.5% of Consolidated Tangible Assets at any time;

(f) Indebtedness of Sanifill with respect to the Sanifill Convertible Subordinated Debt on the terms and conditions in effect as of the Closing Date;

(g) Other Indebtedness of the Canadian Borrowers in an aggregate amount outstanding not in excess of $50,000,000;

(h) Indebtedness of the Company and Sanifill with respect to the Prudential Private Placement Debt, provided that such Indebtedness remains unsecured; and

(i) Indebtedness of CWS identified on Schedule 9.1(i) hereto to be incurred in connection with the Allied Acquisition in an aggregate amount outstanding not in excess of $350,000,000 (and the "put" to the Company with respect thereto); provided, however, that such Indebtedness shall be repaid within 90 days after the date on which the Allied Acquisition is consummated.

SECTION 9.2. RESTRICTIONS ON LIENS. The Company will not, and will cause its Subsidiaries not to, create or incur or suffer to be created or incurred or to exist any lien, encumbrance, mortgage, pledge, charge, restriction or other security interest of any kind upon any property or assets of any character, whether now owned or hereafter acquired, or upon the income or profits therefrom; or transfer any of such property or assets or the income or profits therefrom for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to payment of

its general creditors; or acquire, or agree or have an option to acquire, any property or assets upon conditional sale or other title retention or purchase money security agreement, device or arrangement; or suffer to exist for a period of more than 30 days after the same shall have been incurred any Indebtedness or claim or demand against it which if unpaid might by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; or sell, assign, pledge or otherwise transfer any accounts, contract rights, general intangibles or chattel paper, with or without recourse, except as follows (the "Permitted Liens"):

(a) Liens existing on the Closing Date and listed on Schedule 9.2(a) hereto;

(b) Liens securing Indebtedness permitted by Section 9.1(c)(i) hereof; provided that the assets subject to such liens and security interests shall be limited to those contracts to which such guaranty, suretyship or indemnification obligations relate and the rights to payment thereunder;

(c) Liens securing Indebtedness permitted under Section 9.1(e), Section 9.1(g), and Section 9.1(i);

(d) Liens to secure taxes, assessments and other government charges in respect of obligations not overdue;

(e) Deposits or pledges made in connection with, or to secure payment of, workmen's compensation, unemployment insurance, old age pensions or other social security obligations;

(f) Liens in respect of judgments or awards which have been in force for less than the applicable period for taking an appeal so long as execution is not levied thereunder or in respect of which the Company (or any Subsidiary) shall at the time in good faith be prosecuting an appeal or proceedings for review and in respect of which a stay of execution shall have been obtained pending such appeal or review and in respect of which the Company maintains adequate reserves;

(g) Liens of carriers, warehousemen, mechanics and materialmen, and other like liens, in existence less than 120 days from the date of creation thereof in respect of obligations not overdue, provided

that such liens may continue to exist for a period of more than 120 days if the validity or amount thereof shall currently be contested by the Company (or any Subsidiary) in good faith by appropriate proceedings and if the Company shall have set aside on its books adequate reserves with respect thereto as required by GAAP and provided further that the Company (or any Subsidiary) will pay any such claim forthwith upon commencement of proceedings to foreclose any such lien; and

(h) Encumbrances consisting of easements, rights of way, zoning restrictions, restrictions on the use of real property and defects and irregularities in the title thereto, landlord's or lessor's liens under leases to which the Company or any Subsidiary is a party, and other minor liens or encumbrances none of which in the opinion of the Company interferes materially with the use of the property affected in the ordinary conduct of the business of the Company or any of its Subsidiaries, which defects do not individually or in the aggregate have a material adverse effect on the business of the Company or any Subsidiary individually or of the Company and its Subsidiaries on a consolidated basis.

The Company and Sanifill covenant and agree that if either of

them or any of their Subsidiaries shall create or assume any lien upon any of their respective properties or assets, whether now owned or hereafter acquired, other than Permitted Liens (unless prior written consent shall have been obtained from the Banks), the Company and Sanifill will make or cause to be made effective provision whereby the Obligations and the Guaranteed Obligations will be secured by such lien equally and ratably with any and all other Indebtedness thereby secured so long as such other Indebtedness shall be so secured; provided, that the covenants of the Company and Sanifill contained in this sentence shall only be in effect for so long as the Company and/or Sanifill shall be similarly obligated under any other Indebtedness; provided, further, that an Event of Default shall occur for so long as such other Indebtedness is secured notwithstanding any actions taken by the Company and Sanifill to ratably secure the Obligations and the Guaranteed Obligations hereunder.

SECTION 9.3. RESTRICTIONS ON INVESTMENTS. Except to the extent provided in Section 9.4, neither the Company nor any Subsidiary may make or permit to exist or to remain outstanding any Investment, unless both before and after giving effect thereto (i) the Company and its Subsidiaries are in compliance with the covenants set forth in Sections 8, 9 and 10 hereof; (ii) there does not exist a Default or Event of Default and no Default or Event of Default would be created by the making of such Investment; and (iii) the aggregate amount of all Investments (excluding Investments in (A) direct obligations of the United States of America or any agency thereof having maturities of less than one (1) year, (B) certificates

of deposit having maturities of less than one (1) year, issued by commercial banks in the United States or Canada having capital and surplus of not less than $100,000,000, and (C) wholly owned Subsidiaries) does not exceed 10% of Consolidated Tangible Assets; provided, that the ability of the Company and its Subsidiaries to incur any Indebtedness in connection with any Investment permitted by this Section 9.3 shall be governed by Section 9.1.

SECTION 9.4. MERGERS, CONSOLIDATIONS, SALES.

(a) Neither the Company nor any Subsidiary shall be a party to any merger, consolidation or exchange of stock unless the Company shall be the surviving entity with respect to any such transaction to which the Company is a party or a Subsidiary shall be the surviving entity (and continue to be a Subsidiary) with respect to any such transactions to which one or more Subsidiaries is a party (and the conditions set forth below are satisfied), or purchase or otherwise acquire all or substantially all of the assets or stock of any class of, or any partnership or joint venture interest in, any other Person except as otherwise provided in Section 9.3 or this Section 9.4. Notwithstanding the foregoing, the Company and its Subsidiaries may purchase or otherwise acquire all or substantially all of the assets or stock of any class of, or joint venture interest in, any Person if the following conditions have been met: (a) the proposed transaction will not otherwise create a Default or an Event of Default hereunder; (b) the business to be acquired predominantly involves the collection, transfer, hauling, disposal or recycling of solid waste (excluding hazardous waste as that term is defined in RCRA) or thermal soil remediation; (c) the business to be acquired operates predominantly (i) in North America or (ii) outside North America, provided, that the aggregate amount of such acquisitions under this clause (ii) does not exceed five percent (5%) of Consolidated Tangible Assets; and (d) the board of directors and (if required by applicable law) the shareholders, or the equivalent thereof, of the business to be acquired has approved such acquisition. Notwithstanding the foregoing, the Company may effect the Mid-American Acquisition and the Allied Acquisition provided that (a) such transactions will not otherwise create a Default or Event of Default hereunder, and (b) the Banks shall have received as soon as is reasonably possible an

environmental permit certificate from the CFO of the Company satisfactory to the Banks concerning principal operating permits of Mid-American's and/or Allied's principal operating facilities to be acquired pursuant to the Mid-American Acquisition and/or the Allied Acquisition, as applicable. Notwithstanding anything herein to the contrary, the ability of the Company and its Subsidiaries to incur any Indebtedness in connection with any transaction permitted pursuant to this Section 9.4 shall be governed by Section 9.1.

(b) Neither the Company nor any Subsidiary shall sell, transfer, convey or lease any assets or group of assets including the sale or transfer of any property owned by the Company or any Subsidiary in order then or thereafter to lease such property or lease other property which the Company or such Subsidiary intends to use for substantially the same purpose as the property being sold or transferred (except (1) transfers of personal property among Subsidiaries of the Company which are wholly owned by the Company and (2) so long as no Default or Event of Default has occurred and is continuing, or would result therefrom, sales of assets in the ordinary course of business between the date hereof and the Maturity Date with an aggregate value not greater than ten percent (10%) of Consolidated Total Assets, as set forth in the most recent financial statements delivered to the Banks pursuant to Section 8.4 hereof) or sell or assign, with or without recourse, any receivables (except accounts receivable more than sixty (60) days past due sold or assigned in the ordinary course of collecting past due accounts).

SECTION 9.5. RESTRICTED DISTRIBUTIONS AND REDEMPTIONS. Neither the Company nor any of its Subsidiaries will (a) declare or pay any Distributions, or (b) redeem, convert, retire or otherwise acquire shares of any class of its capital stock (other than in connection with a merger permitted by Section 9.4 hereof or conversion into another form of equity of any preferred shares of the Company existing as of the Closing Date pursuant to the terms thereof); provided that the Company and its Subsidiaries may pay cash dividends and redeem stock in an aggregate amount not to exceed (x) $25,000,000 plus (y) on a cumulative basis, 50% of positive Consolidated Net Income after December 31, 1995. Notwithstanding the above, any Subsidiary may make Distributions to the Company and the Company agrees that neither the Company nor any Material Subsidiary will enter into any agreement restricting Distributions from such Material Subsidiary to the Company, other than restrictions set forth in the documents governing the Prudential Private Placement Debt as in effect as of the Closing Date.

SECTION 9.6. EMPLOYEE BENEFIT PLANS. None of the Company, any of its Subsidiaries, or any ERISA Affiliate will:

(a) engage in any "prohibited transaction" within the meaning of 9406 of ERISA or Section 4975 of the Code which could result in a material liability for the Company on a consolidated basis; or

(b) permit any Guaranteed Pension Plan to incur an "accumulated funding deficiency", as such term is defined in Section 302 of ERISA, whether or not such deficiency is or may be waived; or

(c) fail to contribute to any Guaranteed Pension Plan to an extent which, or terminate any Guaranteed Pension Plan in a manner which, could result in the imposition of a lien or encumbrance on the assets of the Company or any guarantor pursuant to Section 302(f) or Section 4068 of ERISA; or

(d) permit or take any action which would result in the

aggregate benefit liabilities (with the meaning of Section 4001 of ERISA) of all Guaranteed Pension Plans exceeding the value of the aggregate assets of such Plans, disregarding for this purpose the benefit liabilities and assets of any such Plan with assets in excess of benefit liabilities; or

(e) take any action referred to in paragraph (a), (b), (c) or (d) above that would violate any provisions of Applicable Canadian Pension Legislation.

The Company and its Subsidiaries will (i) promptly upon the request of any Bank or Bank Agent, furnish to the Banks a copy of the most recent actuarial statement required to be submitted under Section 103(d) of ERISA and Annual Report, Form 5500, with all required attachments, in respect of each Guaranteed Pension Plan and (ii) promptly upon receipt or dispatch, furnish to the Banks any notice, report or demand sent or received in respect of a Guaranteed Pension Plan under Section Section 302, 4041, 4042, 4043, 4063, 4065, 4066 and 4068 of ERISA, or in respect of a Multiemployer Plan, under Section Section 4041A, 4202, 4219, or 4245 of ERISA.

SECTION 10. FINANCIAL COVENANTS OF THE COMPANY. The Company agrees that, so long as any Obligation or Letter of Credit or Bankers' Acceptance is outstanding or the Banks have any obligation to make Loans, or the Canadian Banks have any further obligations with respect to Bankers' Acceptances, or any Issuing Bank has any obligation to issue, extend or renew any Letter of Credit hereunder, or the Banks have any obligation to reimburse the Issuing Bank for drawings honored under any Letter of Credit, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

SECTION 10.1. INTEREST COVERAGE RATIO. As of the end of any fiscal quarter of the Company, the ratio of (a) EBIT for the period of four consecutive fiscal quarters ending on that date to (b) Consolidated Total Interest Expense for such period shall not be less than 3.00:1.

SECTION 10.2. DEBT TO EBITDA RATIO. As at the end of each fiscal quarter, commencing with the fiscal quarter ending March 31, 1997, the ratio of (a) Funded Debt to (b) EBITDA for the period of four consecutive fiscal quarters ending on each such date shall not be greater than (a) 3.50:1 for the four consecutive fiscal quarters ending March 31, 1997 and June 30, 1997, and (b) 3.25:1 for any four consecutive fiscal quarters ending thereafter.

SECTION 10.3. DEBT TO TOTAL CAPITALIZATION.

(a) The ratio of (i) Funded Debt to (ii) Consolidated Total Capitalization shall not exceed 0.58:1 at any time; and

(b) The ratio of (i) Funded Debt to (ii) Consolidated Total Capitalization shall not exceed 0.55:1 at the end of any two consecutive fiscal quarters of the Company.

SECTION 11. CONDITIONS TO EFFECTIVENESS. The effectiveness of this Agreement and the obligations of the Banks to make any Loans, and of the Canadian Banks with respect to Bankers' Acceptances, and of any Issuing Bank to issue Letters of Credit and of the Banks to participate in Letters of Credit and otherwise be bound by the terms of this Agreement shall be subject to the satisfaction of each of the following conditions precedent:

SECTION 11.1. CORPORATE ACTION. All corporate action necessary for the valid execution, delivery and performance by the Borrowers and Sanifill of the Loan Documents shall have been duly and effectively taken, and evidence thereof certified by authorized officers of the Borrowers and Sanifill and satisfactory to the Banks shall have been provided to the Banks.

SECTION 11.2. LOAN DOCUMENTS, ETC. Each of the Loan Documents and other documents listed on the closing agenda shall have been duly and properly

authorized, executed and delivered by the respective parties thereto and shall be in full force and effect in a form satisfactory to the Banks.

SECTION 11.3. CERTIFIED COPIES OF CHARTER DOCUMENTS. The Banks shall have received from each of the Borrowers and Sanifill a copy, certified by a duly authorized officer of such Person to be true and complete on the Closing Date, of (a) its charter or other incorporation documents as in effect on such date of certification, and (b) its by-laws as in effect on such date.

SECTION 11.4. INCUMBENCY CERTIFICATE. The Banks shall have received an incumbency certificate, dated as of the Closing Date, signed by duly authorized officers giving the name and bearing a specimen signature of each individual who shall be authorized: (a) to sign the Loan Documents on behalf of the Borrowers and Sanifill; (b) to make Syndicated Loan Requests and Domestic and Canadian Letter of Credit Requests; (c) to make Competitive Bid Quote Requests; and (d) to give notices and to take other action on the Borrowers' and Sanifill's behalf under the Loan Documents.

SECTION 11.5. CERTIFICATES OF INSURANCE. The Banks shall have received (i) a certificate of insurance from an independent insurance broker dated as of the Closing Date, or within 15 days prior thereto, identifying insurers, types of insurance, insurance limits, and policy terms, and otherwise describing the

insurance obtained in accordance with the provisions of the Loan Documents and (ii) copies of all policies evidencing such insurance (or certificates therefor signed by the insurer or an agent authorized to bind the insurer).

SECTION 11.6. OPINIONS OF COUNSEL AND PERMIT CERTIFICATE. The Banks shall have received (a) favorable legal opinions from outside counsel to the Borrowers and Sanifill, addressed to the Banks, dated the Closing Date, in form and substance satisfactory to the Bank Agents, and (b) an environmental permit certificate from the CFO of the Company satisfactory to the Banks concerning principal operating permits at the Company's and its Subsidiaries' principal operating facilities.

SECTION 11.7. EXISTING DEBT. The Bank Agents shall have received a payoff letter in a form satisfactory to the Bank Agents with respect to the Original Credit Agreement, such payoff letter indicating the amount of the loan obligations of the Company and its Subsidiaries as of the Closing Date, all in form and substance satisfactory to the Bank Agents.

SECTION 11.8. SATISFACTORY FINANCIAL CONDITION. No material adverse change, in the judgment of the Majority Banks, shall have occurred in the financial condition, results of operations, business, properties or prospects of the Company and its Subsidiaries, taken as a whole, since the most recent financial statements and projections provided to the Banks.

SECTION 11.9. PAYMENT OF CLOSING FEES. The Company shall have paid (a) closing fees to the Administrative Agent for the account of the Banks in accordance with the letter by BAI dated February 5, 1997, and (b) accrued facility fees due under the letter agreement dated as of January 14, 1997 among the Agents and the Company.

SECTION 12. CONDITIONS TO ALL LOANS. The obligations of the Banks to make any Loan, the obligations of the Canadian Banks with respect to Bankers' Acceptances, and the obligation of the Issuing Bank to issue, extend, or renew any Letter of Credit at the time of and subsequent to the Closing Date is subject to the following conditions precedent:

SECTION 12.1. REPRESENTATIONS TRUE. Each of the representations and warranties of the Borrowers and Sanifill (as applicable) contained in this Agreement or in any document or instrument delivered pursuant to or in connection with this Agreement shall be true as of the date as of which they were made and shall also be true at and as of the time of the making of such Loan, the accepting and purchasing of any Bankers' Acceptances or the issuance,

extension, or renewal of any Letter of Credit, as applicable, with the same effect as if made at and as of that time (except to the extent of changes resulting from transactions contemplated or permitted by this Agreement and changes occurring in the ordinary course of business which singly or in the aggregate are

not materially adverse to the business, assets or financial condition of the Company and its Subsidiaries as a whole, and to the extent that such representations and warranties relate expressly and solely to an earlier date).

SECTION 12.2. PERFORMANCE; NO EVENT OF DEFAULT. The Borrowers shall have performed and complied with all terms and conditions herein required to be performed or complied with by them prior to or at the time of the making of any Loan, the accepting and purchasing of any Bankers' Acceptances or the issuance, extension or renewal of any Letter of Credit, and at the time of the making of any Loan, the accepting and purchasing of any Bankers' Acceptance or the issuance, renewal or extension of any Letter of Credit, there shall exist no Default or Event of Default or condition which would result in a Default or an Event of Default upon consummation of such Loan, accepting and purchasing any Bankers' Acceptances or issuance, extension, or renewal of any Letter of Credit, as applicable. Each request for a Loan, for the acceptance and purchase of a Bankers' Acceptance, or for issuance, extension or renewal of a Letter of Credit shall constitute certification by the Borrowers that the conditions specified in Sections 12.1 and 12.2 will be duly satisfied on the date of such Loan, Bankers' Acceptance or Letter of Credit issuance, extension or renewal.

SECTION 12.3. NO LEGAL IMPEDIMENT. No change shall have occurred in any law or regulations thereunder or interpretations thereof which in the reasonable opinion of the Banks would make it illegal for the Banks to make Loans, for the Issuing Bank to issue, extend or renew, or the Banks to participate in, Letters of Credit hereunder or for the Canadian Banks to accept and purchase Bankers' Acceptances.

SECTION 12.4. GOVERNMENTAL REGULATION. The Banks shall have received from the Company and its Subsidiaries such statements in substance and form reasonably satisfactory to the Banks as they shall require for the purpose of compliance with any applicable regulations of the Comptroller of the Currency or the Board of Governors of the Federal Reserve System or the Office of the Superintendent of Financial Institutions.

SECTION 12.5. PROCEEDINGS AND DOCUMENTS. All proceedings in connection with the transactions contemplated by this Agreement and all documents incident thereto shall have been delivered to the Banks as of the date of the making of any extension of credit in substance and in form satisfactory to the Banks, including without limitation a Syndicated Loan Request in the form attached hereto as Exhibit E, a Domestic Letter of Credit Request in the form of Exhibit F-1, a Canadian Letter of Credit Request in the form of Exhibit F-2, a Canadian Loan Request in the form attached hereto as Exhibit G, or a Bankers' Acceptance Notice in the form of Exhibit H and the Banks shall have received all information and such counterpart originals or certified or other copies of such documents as the Banks may reasonably request.

SECTION 13. EVENTS OF DEFAULT; ACCELERATION; TERMINATION OF COMMITMENT.

SECTION 13.1. EVENTS OF DEFAULT AND ACCELERATION. If any of the following events ("Events of Default" or, if the giving of notice or the lapse of time or both is required, then, prior to such notice and/or lapse of time, "Defaults") shall occur:

(a) if the applicable Borrower(s) shall fail to pay any principal of the Loans or Bankers' Acceptances when the same shall

become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment;

(b) if the applicable Borrower(s) shall fail to pay any interest or fees or other amounts owing hereunder (other than those specified in subsection (a) above) within five (5) Business Days after the same shall become due and payable whether at the Maturity Date or any accelerated date of maturity or at any other date fixed for payment;

(c) if the Borrowers shall fail to comply with any of the covenants contained in Section Section 8, 9 and 10 hereof;

(d) if the Borrowers shall fail to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified in subsections (a), (b), and (c) above) and such failure shall not be remedied within 30 days after written notice of such failure shall have been given to the Borrowers by the Documentation Agent or any of the Banks;

(e) if any representation or warranty contained in this Agreement or in any document or instrument delivered pursuant to or in connection with this Agreement shall prove to have been false in any material respect upon the date when made or repeated;

(f) if the Company or any of its Subsidiaries shall fail to pay when due, or within any applicable period of grace, any Indebtedness in an aggregate amount greater than $10,000,000, or fail to observe or perform any material term, covenant or agreement contained in any one or more agreements by which it is bound, evidencing or securing any Indebtedness in an aggregate amount greater than $10,000,000 for such period of time as would, or would have permitted (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof or terminate its commitment with respect thereto;

(g) if the Company, any of the Canadian Borrowers, Sanifill or any Material Subsidiary makes an assignment for the benefit of creditors, or admits in writing its inability to pay or generally fails to pay its debts as they mature or become due, or petitions or applies for the appointment of a trustee or other custodian, liquidator or receiver of the Company, any Canadian Borrower, Sanifill or any Material Subsidiary, or of any substantial part of the assets of the Company, any Canadian Borrower, Sanifill or any Material Subsidiary or commences any case or other proceeding relating to the Company, any of the Canadian Borrowers, Sanifill or any Material Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect, or takes any action to authorize or in furtherance of any of the foregoing, or if any such petition or application is filed or any such case or other proceeding is commenced against the Company, any of the Canadian Borrowers, Sanifill or any Material Subsidiary or the Company, any of the Canadian Borrowers, Sanifill or any Material Subsidiary indicates its approval thereof, consent thereto or acquiescence therein;

(h) if a decree or order is entered appointing any such trustee, custodian, liquidator or receiver or adjudicating the Company, any of the Canadian Borrowers, Sanifill or any Material Subsidiary bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of the Company, any of the Canadian Borrowers, Sanifill or any Material Subsidiary in an involuntary case under federal

bankruptcy laws of any jurisdiction as now or hereafter constituted, and such decree or order remains in effect for more than 30 days, whether or not consecutive;

(i) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty days, whether or not consecutive, any final judgment against the Company or any Subsidiary which, with other outstanding final judgments against the Company and its Subsidiaries exceeds in the aggregate $10,000,000 after taking into account any undisputed insurance coverage;

(j) if, with respect to any Guaranteed Pension Plan (or any corresponding plan described in any Applicable Canadian Pension Legislation), an ERISA Reportable Event or similar event under Applicable Canadian Pension Legislation shall have occurred and the Banks shall have determined in their reasonable discretion that such event reasonably could be expected to result in liability of the Company or any Subsidiary to the PBGC or similar Canadian authorities or the Plan in an aggregate amount exceeding $10,000,000 and such event in the circumstances occurring reasonably could constitute grounds for the

partial or complete termination of such Plan by the PBGC or similar Canadian authorities or for the appointment by the appropriate United States District Court or Canadian Court of a trustee to administer such Plan; or a trustee shall have been appointed by the appropriate United States District Court or Canadian Court to administer such Plan; or the PBGC or similar Canadian authorities shall have instituted proceedings to terminate such Plan;

(k) if any of the Loan Documents shall be cancelled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Banks, or any action at law, suit or in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of the Company, any of the Canadian Borrowers, Sanifill or any of their respective stockholders, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or

(l) if any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of (i) 25% or more of the outstanding shares of common voting stock of the Company or (ii) with respect to the Rangos family, 20% or more of such stock; or, during any period of twelve consecutive calendar months, individuals who were directors of the Company on the first day of such period shall cease to constitute a majority of the board of directors of the Company;

then, and in any such event, so long as the same may be continuing, the Bank Agents may, and upon the request of the Majority Banks shall, by notice in writing to the Borrowers, declare all amounts owing with respect to this Agreement, the Notes and the other Loan Documents and all Reimbursement Obligations to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest, notice of intent to accelerate, notice of acceleration to the extent permitted by law or other notice of any kind, all of which are hereby expressly waived by the Borrowers; provided that in the event of any Event of Default specified in Section 13.1(g) or 13.1(h), all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Bank Agents or any

Bank. Upon demand by the Majority Banks after the occurrence of any Event of Default, the applicable Borrower(s) shall immediately provide to the Administrative Agent and/or the Canadian Agent, as applicable, cash in an amount equal to the aggregate

Maximum Drawing Amount and the aggregate face amount of outstanding Bankers' Acceptances to be held by the Administrative Agent and/or the Canadian Agent, as applicable as collateral security for the Reimbursement Obligations and such Bankers' Acceptances.

SECTION 13.2. TERMINATION OF COMMITMENTS. If any Event of Default pursuant to Sections 13.1(g) or 13.1(h) hereof shall occur, any unused portion of the Total Commitment hereunder shall forthwith terminate and the Banks and the Issuing Banks shall be relieved of all obligations to make Loans, to accept and purchase Bankers' Acceptances or to issue, extend or renew Letters of Credit hereunder; or if any other Event of Default shall occur, the Majority Banks may by notice to the Borrowers terminate the unused portion of the Total Commitment hereunder, and, upon such notice being given, such unused portion of the Total Commitment hereunder shall terminate immediately and the Banks and the Issuing Banks shall be relieved of all further obligations to make Loans, to accept and purchase Bankers' Acceptances or to issue, extend or renew Letters of Credit hereunder. No termination of any portion of the Total Commitment hereunder shall relieve the Borrowers of any of their existing Obligations to the Banks, the Issuing Banks or the Bank Agents hereunder or elsewhere.

SECTION 13.3. REMEDIES. In case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Banks shall have accelerated the maturity of the Loans and other Obligations pursuant to Section 13.1, each Bank, upon notice to the other Banks, if owed any amount with respect to the Loans, Bankers' Acceptances or the Reimbursement Obligations, may proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement and the other Loan Documents or any instrument pursuant to which the Obligations to such Bank are evidenced, including, without limitation, as permitted by applicable law the obtaining of the ex parte appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any legal or equitable right of such Bank, any recovery being subject to the terms of Section 30 hereof. No remedy herein conferred upon any Bank or the Bank Agents or the holder of any Note is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of law.

SECTION 14. SETOFF. Regardless of the adequacy of any collateral, during the continuance of an Event of Default, any deposits or other sums credited by or due from any Bank to the Borrowers or any of them and any securities or other property of the Borrowers or any of them in the possession of such Bank may be applied to or set off against the payment of Obligations and any and all other

liabilities, direct, or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Borrowers to the Banks or the Bank Agents. Any amounts set off pursuant to this Section 14 shall be distributed ratably in accordance with Section 30 among all of the Banks by the Bank setting off such amounts. If any Bank fails to share such setoff ratably, the Administrative Agent and/or the Canadian Agent, as applicable, shall have the right to withhold such Bank's share of any Borrower's payments until each of the Banks shall have, in the aggregate, received a pro rata repayment.

SECTION 15. EXPENSES. Whether or not the transactions contemplated herein shall be consummated, the Borrowers hereby promise to reimburse the Documentation Agent for all reasonable out-of-pocket fees and disbursements (including all reasonable attorneys' fees) incurred or expended in connection with the preparation, filing or recording, or interpretation of this Agreement, the other Loan Documents, or any amendment, modification, approval, consent or waiver hereof or thereof. The Borrowers further promise to reimburse the Bank Agents and the Banks for all reasonable out-of-pocket fees and disbursements (including all reasonable legal fees and the allocable cost of in-house attorneys' fees) incurred or expended in connection with the enforcement of any Obligations or the satisfaction of any indebtedness of the Borrowers hereunder or under any other Loan Document, or in connection with any litigation, proceeding or dispute hereunder in any way related to the credit hereunder. The Company also promises to pay the Administrative Agent all reasonable out-of-pocket fees and disbursements, incurred or expended in connection with the Competitive Bid Loan procedure under Section 5 hereof.

SECTION 16. THE BANK AGENTS.

SECTION 16.1. APPOINTMENT, POWERS AND IMMUNITIES. Each Bank hereby irrevocably appoints and authorizes (a) MGT to act as Documentation Agent, (b) MGT to act as Administrative Agent, and (c) MBC to act as Canadian Agent hereunder and under the other Loan Documents, provided, however, the Administrative Agent, Documentation Agent, and Canadian Agent are hereby authorized to serve only as administrative and documentation agents, as applicable, for the Banks and to exercise such powers as are reasonably incidental thereto and as are set forth in this Agreement and the other Loan Documents. The Bank Agents hereby acknowledge that they do not have the authority to negotiate any agreement which would bind the Banks or agree to any amendment, waiver or modification of any of the Loan Documents or bind the Banks except as set forth in this Agreement or the Loan Documents. Except as provided in this Agreement, and in the other Loan Documents, the Bank Agents shall take action or refrain from acting only upon instructions of the Banks. It is agreed that the duties, rights, privileges and immunities of the Issuing Banks, in their capacity as issuers of Letters of Credit hereunder, shall be identical to the duties, rights, privileges and immunities of the Bank Agents

as provided in this Section 16. The Bank Agents shall not have any duties or responsibilities or any fiduciary relationship with any Bank except those expressly set forth in this Agreement and the other Loan Documents. None of the Bank Agents nor any of their affiliates shall be responsible to the Banks for any recitals, statements, representations or warranties made by the Borrowers or any other Person whether contained herein or otherwise or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the other Loan Documents or any other document referred to or provided for herein or therein or for any failure by the Borrowers or any other Person to perform its obligations hereunder or thereunder or in respect of the Notes. The Bank Agents may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither the Bank Agents nor any of their directors, officers, employees or agents shall be responsible for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct. Any Bank Agent in its separate capacity as a Bank shall have the same rights and powers hereunder as any other Bank.

SECTION 16.2. ACTIONS BY BANK AGENTS. Each Bank Agent shall be fully justified in failing or refusing to take any action under this Agreement as reasonably deemed appropriate unless it shall first have received the consent of the Majority Banks (or, when expressly required hereby, all of the Banks), and shall be indemnified to its reasonable satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Bank Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the Loan Documents in accordance with the instruction of

the Majority Banks (or, when expressly required hereby or thereby, all of the Banks), and such instruction and any action taken or failure to act pursuant thereto shall be binding upon the Banks and all future holders of the Notes or any Letter of Credit Participation.

SECTION 16.3. INDEMNIFICATION. Without limiting the obligations of the Borrowers hereunder or under any other Loan Document, the Banks agree to indemnify the Bank Agents, their affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrowers) ratably in accordance with their respective Domestic Commitment Percentages and Canadian Commitment Percentages, as applicable, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against the Bank Agents in any way relating to or arising out of this Agreement or any other Loan Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or the enforcement of any of the

terms hereof or thereof or of any such other documents; provided, that no Bank shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the applicable Bank Agents (or any agent thereof), IT BEING THE INTENT OF THE PARTIES HERETO THAT ALL SUCH INDEMNIFIED PARTIES SHALL BE INDEMNIFIED FOR THEIR ORDINARY SOLE OR CONTRIBUTORY NEGLIGENCE.

SECTION 16.4. REIMBURSEMENT. Without limiting the provisions of Section Section 6.1(a), 6.13, and 14, no Bank Agent shall be obliged to make available to any Person any sum which such Bank Agent is expecting to receive for the account of that Person until such Bank Agent has determined that it has received that sum. A Bank Agent may, however, disburse funds prior to determining that the sums which such Bank Agent expects to receive have been finally and unconditionally paid to such Bank Agent, if such Bank Agent wishes to do so. If and to the extent that a Bank Agent does disburse funds and it later becomes apparent that such Bank Agent did not then receive a payment in an amount equal to the sum paid out, then any Person to whom such Bank Agent made the funds available shall, on demand from such Bank Agent, refund to such Bank Agent the sum paid to that Person. If, in the opinion of a Bank Agent, the distribution of any amount received by it in such capacity hereunder or under the other Loan Documents might involve it in liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction. If a court of competent jurisdiction shall adjudge that any amount received and distributed by a Bank Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to such Bank Agent its proportionate share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

SECTION 16.5. DOCUMENTS. The Bank Agents will forward to each Bank, promptly after receipt thereof, a copy of each notice or other document furnished to the Bank Agents for such Bank hereunder; provided, however, that, notwithstanding the foregoing, the Administrative Agent may furnish to the Banks a monthly summary with respect to Letters of Credit issued hereunder in lieu of copies of the related Letter of Credit Applications.

SECTION 16.6. NON-RELIANCE ON BANK AGENTS AND OTHER BANKS. Each Bank represents that it has, independently and without reliance on the Bank Agents, the Agents or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of the Borrowers and Sanifill and the decision to enter into this Agreement and the other Loan Documents and agrees that it will, independently and without reliance upon the Bank Agents, the Agents or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking

action under this Agreement or any other Loan Document. Except as herein expressly provided to the contrary, the Bank Agents shall not be required to keep informed as to the performance or observance by the Borrowers and Sanifill of this Agreement, the other Loan Documents or any other document referred to or provided for herein or therein or by any other Person of any other agreement or to make inquiry of, or to inspect the properties or books of, any Person. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Bank Agents hereunder, the Bank Agents shall not have any duty or responsibility to provide any Bank with any credit or other information concerning any person which may come into the possession of the Bank Agents or any of their affiliates. Each Bank shall have access to all documents relating to the Bank Agents' performance of their duties hereunder at such Bank's request. Unless any Bank shall promptly object to any action taken by the Bank Agents hereunder of which such Bank has actual knowledge (other than actions which require the prior consent of such Bank in accordance with the terms hereof or to which the provisions of Section 16.8 are applicable and other than actions which constitute gross negligence or willful misconduct by the Bank Agents), such Bank shall be presumed to have approved the same.

SECTION 16.7. RESIGNATION OF BANK AGENTS. A Bank Agent may resign at any time by giving 60 days' prior written notice thereof to the Banks and the applicable Borrower(s). Upon any such resignation, the Banks (other than the resigning Bank Agent) shall have the right to appoint a successor Bank Agent from among the Banks. If no successor to such Bank Agent shall have been so appointed by the Banks and shall have accepted such appointment within 30 days after the retiring Bank Agent's giving of notice of resignation, then the retiring Bank Agent may, on behalf of the Banks, appoint a successor Bank Agent from among the remaining Banks, which shall be a financial institution having a combined capital and surplus in excess of $1,000,000,000. Upon the acceptance of any appointment as Bank Agent hereunder by a successor Bank Agent, such successor Bank Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Bank Agent, and the retiring Bank Agent shall be discharged from its duties and obligations hereunder. After any retiring Bank Agent's resignation, the provisions of this Agreement shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as a Bank Agent. Any new Issuing Bank appointed pursuant to this Section 16.7 shall immediately issue new Letters of Credit in place of Letters of Credit previously issued or, if acceptable to the resigning Issuing Bank, issue letters of credit in favor of the resigning Issuing Bank as security for the outstanding Letters of Credit and shall in due course replace all Letters of Credit previously issued by the resigning Issuing Bank.

SECTION 16.8. ACTION BY THE BANKS, CONSENTS, AMENDMENTS, WAIVERS, ETC. Any action to be taken (including the giving of notice) may be taken, any consent or approval required or permitted by this Agreement or any other Loan Document to be given by the Banks may be given, any term of this Agreement, any other Loan Document or any other instrument, document or agreement related to this Agreement or the other Loan Documents or mentioned therein may be amended, and the performance or observance by the Borrowers or any other Person of any of the terms thereof and any Default or Event of Default (as defined in any of the above-referenced documents or instruments) may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Majority Banks; provided, however, that no such consent or amendment which affects the rights, duties or liabilities of any Bank Agent or Issuing Bank shall be effective without the written consent of such Bank Agent or Issuing Bank, as the case may be. Notwithstanding the foregoing, no amendment, waiver or consent shall do any of the following unless in writing and signed by ALL of the Banks (a) increase the principal amount of the Total Commitment (or subject any Bank to any additional obligations), (b) reduce the principal of or interest on the Notes (including, without limitation, interest on overdue amounts) or any fees payable hereunder, (c)

postpone any date fixed for any payment in respect of principal or interest (including, without limitation, interest on overdue amounts) on the Notes or any fee hereunder; (d) change the definition of "Majority Banks" or number of Banks which shall be required for the Banks or any of them to take any action under the Loan Documents; (e) amend this Section 16.8; (f) change the Canadian Commitment Percentage of any Canadian Bank, except as permitted pursuant to Section 2.3, (g) change the Domestic Commitment Percentage of any Domestic Bank, except as permitted under Section 20 hereof and pursuant to Section 2.3, (h) change the Total Commitment Percentage of any Bank, or (i) release any Borrower or Guarantor from its obligations hereunder (except as expressly set forth herein).

Section 17. INDEMNIFICATION. The Borrowers agree to indemnify and hold harmless the Banks, the Agents, and the Bank Agents and their affiliates, as well as the Banks' and the Bank Agents' and their affiliates' shareholders, directors, agents, officers, subsidiaries and affiliates, from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, and reasonable costs and expenses incurred, suffered, sustained or required to be paid by an indemnified party by reason of or resulting from the transactions contemplated hereby, except any of the foregoing which result from the gross negligence or willful misconduct of any indemnified party. In any investigation, enforcement matter, proceeding or litigation, or the preparation therefor, the Banks and the Bank Agents shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the Borrowers agree to pay promptly the

reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation against the Banks or Bank Agents by third parties, the Borrowers shall be entitled to participate in such proceeding or litigation with counsel of their choice at their expense, provided that such counsel shall be reasonably satisfactory to the Banks or Bank Agents. The covenants of this Section 17 shall survive payment or satisfaction of payment of amounts owing with respect to any Note or any other Loan Document and satisfaction of all the Obligations hereunder, IT BEING THE INTENT OF THE PARTIES HERETO THAT ALL SUCH INDEMNIFIED PARTIES SHALL BE INDEMNIFIED FOR THEIR ORDINARY SOLE OR CONTRIBUTORY NEGLIGENCE.

SECTION 18. WITHHOLDING TAXES. The Borrowers hereby agree that:

(a) Any and all payments made by any of the Borrowers hereunder shall be made free and clear of, and without deduction for, any and all present or future taxes, levies, fees, duties, imposts, deductions, charges or withholdings of any nature whatsoever, excluding, in the case of the Bank Agents or the Banks or any holder of the Notes, (i) taxes imposed on, or measured by, its net income or profits, (ii) franchise taxes imposed on it, (iii) taxes imposed by any jurisdiction as a direct consequence of it, or any of its affiliates, having a present or former connection with such jurisdiction, including, without limitation, being organized, existing or qualified to do business, doing business or maintaining a permanent establishment or office in such jurisdiction, and (iv) taxes imposed by reason of its failure to comply with any applicable certification, identification, information, documentation or other reporting requirement (all such non-excluded taxes being hereinafter referred to as "Indemnifiable Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrowers hereunder is required in respect of any Indemnifiable Taxes pursuant to any applicable law, or governmental rule or regulation, then the Borrowers will (i) direct to the relevant taxing authority the full amount required to be so withheld or deducted, (ii) forward to the applicable Bank Agent for delivery to the applicable Bank an official receipt or other documentation satisfactory to the applicable Bank Agent and the applicable Bank evidencing such payment to such taxing authority, and

(iii) direct to the applicable Bank Agent for the account of the relevant Banks such additional amount or amounts as is necessary to ensure that the net amount actually received by each relevant Bank will equal the full amount such Bank would have received had no such withholding or deduction (including any Indemnifiable Taxes on such additional amounts) been required. Moreover, if any Indemnifiable Taxes are directly asserted against the applicable Bank Agent or any Bank with respect to any payment received by the Bank Agents or such Bank by reason of the Borrowers' failure to

properly deduct and withhold such Indemnifiable Taxes from such payment, the applicable Bank Agent or such Bank may pay such Indemnifiable Taxes and the Borrowers will promptly pay all such additional amounts (including any penalties, interest or reasonable expenses) as is necessary in order that the net amount received by such Person after the payment of such Indemnifiable Taxes (including any Indemnifiable Taxes on such additional amount) shall equal the amount such Person would have received had not such Indemnifiable Taxes been asserted. Any such payment shall be made promptly after the receipt by the Borrowers from the applicable Bank Agent or such Bank, as the case may be, of a written statement setting forth in reasonable detail the amount of the Indemnifiable Taxes and the basis of the claim.

(b) The Borrowers shall pay any present or future stamp or documentary taxes or any other excise or any other similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrowers hereby indemnify and hold harmless the Bank Agents and each Bank for the full amount of Indemnifiable Taxes or Other Taxes (including, without limitation, any Indemnifiable Taxes or Other Taxes imposed on amounts payable under this Section 18) paid by the Bank Agents or such Bank, as the case may be, and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, by reason of the Borrowers' failure to properly deduct and withhold Indemnifiable Taxes pursuant to paragraph (a) above or to properly pay Other Taxes pursuant to paragraph (b) above. Any indemnification payment from the Borrowers under the preceding sentence shall be made promptly after receipt by the Borrowers from the applicable Bank Agent or Bank of a written statement setting forth in reasonable detail the amount of such Indemnifiable Taxes or such Other Taxes, as the case may be, and the basis of the claim.

(d) If the Borrowers pay any amount under this Section 18 to the Bank Agents or any Bank and such payee knowingly receives a refund of any taxes with respect to which such amount was paid, the Bank Agents or such Bank, as the case may be, shall pay to the Borrowers the amount of such refund promptly following the receipt thereof by such payee.

(e) In the event any taxing authority notifies any of the Borrowers that any of them has improperly failed to deduct or withhold any taxes (other than Indemnifiable Taxes) from a payment made hereunder to the Bank Agents or any Bank, the Borrowers shall timely and fully pay such taxes to such taxing authority.

(f) The Bank Agents or the Banks shall, upon the request of the Borrowers, take reasonable measures to avoid or mitigate the amount of Indemnifiable Taxes required to be deducted or withheld from

any payment made hereunder if such measures can be taken without such Person in its sole judgment suffering any legal, regulatory or economic disadvantage.

(g) Without prejudice to the survival of any other agreement of the parties hereunder, the agreements and obligations of the Borrowers contained in this Section 18 shall survive the payment in full of the Obligations.

SECTION 19. SURVIVAL OF COVENANTS, ETC. Unless otherwise stated herein, all covenants, agreements, representations and warranties made herein, in the other Loan Documents or in any documents or other papers delivered by or on behalf of the Borrowers and Sanifill pursuant hereto shall be deemed to have been relied upon by the Banks, the Issuing Banks and the Bank Agents, notwithstanding any investigation heretofore or hereafter made by them, and shall survive the making by the Banks of the Loans, the accepting and purchasing of Bankers' Acceptances and the issuance, extension or renewal of any Letters of Credit by any Issuing Bank, as herein contemplated, and shall continue in full force and effect so long as any amount due under this Agreement, any Obligation, any Letter of Credit, any Bankers' Acceptance or any Note remains outstanding and unpaid or any Bank has any obligation to make any Loans or any Issuing Bank has any obligation to issue, extend, or renew any Letters of Credit hereunder or any Canadian Bank has any obligation to accept or purchase any Bankers' Acceptances. All statements contained in any certificate or other paper delivered by or on behalf of the Borrowers pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrowers hereunder.

SECTION 20. ASSIGNMENT AND PARTICIPATION. It is understood and agreed that each Bank shall have the right to assign at any time all or a portion of its Domestic Commitment Percentage and Canadian Commitment Percentage, as applicable, and interests in the risk relating to the Loans, outstanding Letters of Credit, Bankers' Acceptances and its Domestic Commitment and Canadian Commitment, as applicable, hereunder in an amount equal to or greater than $5,000,000 (which assignment shall be of an equal percentage of (a) the Domestic Commitment, the Domestic Loans and outstanding Domestic Letters of Credit, or (b) the Canadian Commitment, the Canadian Loans, the Bankers' Acceptances, and the outstanding Canadian Letters of Credit, unless in each case otherwise agreed to by the Bank Agents) to additional banks or other financial institutions with the prior written approval of the Administrative Agent or the Canadian Agent, as applicable, the Documentation Agent and, so long as no Event of Default has occurred and is continuing, the applicable Borrower(s), which approvals shall not be

unreasonably withheld; provided that a Bank may assign all or a portion of its Canadian Commitment Percentage and Canadian Loans outstanding, Canadian Letters of Credit and Bankers' Acceptances, only to an Eligible Canadian Assignee. Any Bank may at any time, and from time to time, assign to any branch, lending office, or affiliate or such Bank all or any part of its rights and obligations under the Loan Documents by notice to the Agents and the Company. It is further agreed that each bank or other financial institution which executes and delivers to the Documentation Agent and the Borrowers hereunder an Assignment and Acceptance substantially in the form of Exhibit J hereto (an "Assignment and Acceptance") together with an assignment fee in the amount of $2,500 payable by the assigning Bank to the Documentation Agent, shall, on the date specified in such Assignment and Acceptance, become a party to this Agreement and the other Loan Documents for all purposes of this Agreement and the other Loan Documents, and its portion of the Domestic Commitment and Canadian Commitment, as applicable, the Loans and Letters of Credit and Bankers' Acceptances shall be as set forth in such Assignment and Acceptance. The Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement and the other Loan Documents. Upon the execution and delivery of such Assignment and Acceptance, (a) the Borrowers shall issue to the assignee bank or other

financial institution Notes in the amount of such bank's or other financial institution's Domestic Commitment or Canadian Commitment, dated the date of the assignment or such other date as may be specified by the Documentation Agent, and otherwise completed in substantially the form of Exhibits A, B or C, and to the extent any assigning Bank has retained a portion of its obligations hereunder, a replacement Syndicated Note and Canadian Note, as applicable, to the assigning Bank reflecting its assignment; (b) to the extent applicable, the Company shall issue a Competitive Bid Note in substantially the form of Exhibit D (and a replacement Competitive Bid Note) or the Administrative Agent shall make appropriate entries on the Competitive Bid Loan Accounts to reflect such assignment of Competitive Bid Loan(s); (c) the Documentation Agent shall distribute to the Borrowers, the Banks and such bank or financial institution a schedule reflecting such changes; and (d) this Agreement shall be deemed to be appropriately amended to reflect (i) the status of the bank or financial institution as a party hereto and (ii) the status and rights of the Banks hereunder.

Each Bank shall also have the right to grant participations to one or more banks or other financial institutions in its Domestic Commitment or Canadian Commitment, the Loans, Bankers' Acceptances and outstanding Letters of Credit. The documents evidencing any such participation shall limit such participating bank's or financial institution's voting rights with respect to this Agreement to the matters set forth in Section 16.8 which require the approval of all Banks.

Notwithstanding the foregoing, no assignment or participation shall operate to increase the Total Commitment hereunder or otherwise alter the substantive terms of this Agreement, and no Bank which retains a Commitment hereunder shall have a Commitment of less than $10,000,000, as such amount may be reduced upon reductions in the Total Commitment pursuant to Section 2.3 hereof.

Anything contained in this Section 20 to the contrary notwithstanding, any Bank may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of its Notes) to any of the twelve Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or the enforcement thereof shall release the pledgor Bank from its obligations hereunder or under any of the other Loan Documents.

SECTION 21. PARTIES IN INTEREST. All the terms of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto and thereto; provided, that the Borrowers shall not assign or transfer their rights or obligations hereunder or thereunder without the prior written consent of each of the Banks.

SECTION 22. NOTICES, ETC. Except as otherwise expressly provided in this Agreement, all notices and other communications made or required to be given pursuant to this Agreement or the other Loan Documents shall be in writing and shall be delivered in hand, mailed by United States or Canadian first class mail, as applicable, postage prepaid, or sent by telegraph, telex or facsimile and confirmed by letter, addressed as follows:

(a) if to the Borrowers or Sanifill, at 1001 Fannin Street, First City Tower, Suite 4000, Houston, Texas 77002, Attention: Earl E. DeFrates, facsimile number (713) 209-9710; or

(b) if to BAI, at Bank of America Illinois, 231 South LaSalle Street, Chicago, Illinois 60697, Attention: Robert P. Rospierski, Vice President, facsimile number (312) 828-1974; or

(c) if to MGT, J.P. Morgan Securities Inc., the Administrative Agent, the Documentation Agent or the Canadian Agent, at Morgan Guaranty Trust Company of New York, 60 Wall Street, New

York, New York 10260-0060, facsimile number (212) 648-5336; or

(d) if to any Bank, at the address set forth next to such Bank's name on Schedule 3 hereto;

or such other address for notice as shall have last been furnished in writing to the Person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (a) if delivered by hand to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer, (b) if sent by registered or certified first-class mail, postage prepaid, five Business Days after the posting thereof, and (c) if sent by telex, facsimile, or cable, at the time of the dispatch thereof, if in normal business hours in the country of receipt, or otherwise at the opening of business on the following Business Day.

SECTION 23. MISCELLANEOUS. The rights and remedies herein expressed are cumulative and not exclusive of any other rights which the Banks, the Issuing Banks or the Bank Agents would otherwise have. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

SECTION 24. CONSENTS, ETC. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in this Section 24, subject to the provisions of Section 16.8. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement to be given by the Banks may be given, and any term of this Agreement or of any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Borrowers of any terms of this Agreement or such other instrument or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Borrowers and the Majority Banks. To the extent permitted by law, no course of dealing or delay or omission on the part of any of the Banks, the Issuing Banks or the Bank Agents in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrowers shall entitle the Borrowers to other or further notice or demand in similar or other circumstances.

SECTION 25. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW,EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND

OBLIGATIONS. EXCEPT AS PROHIBITED BY LAW, THE BORROWERS AND THE GUARANTORS HEREBY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH OF THE BORROWERS AND THE GUARANTORS (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY BANK, ISSUING BANK OR BANK AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH BANK, ISSUING BANK OR BANK AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE BANK AGENTS, THE BANKS, AND THE ISSUING BANKS

HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BECAUSE OF, AMONG OTHER THINGS, THE BORROWERS' AND THE GUARANTORS' WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

SECTION 26. GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW OTHER THAN GENERAL OBLIGATIONS LAW Section 5-1401). THE BORROWERS AND THE GUARANTORS CONSENT TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK IN CONNECTION WITH ANY SUIT TO ENFORCE THE RIGHTS OF THE BANKS, THE ISSUING BANKS OR THE BANK AGENTS UNDER THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH OF THE BORROWERS AND THE GUARANTORS IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

SECTION 27. SEVERABILITY. The provisions of this Agreement are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

Section 28. JOINT AND SEVERAL LIABILITY; LIMITATION OF LIABILITY. Notwithstanding anything herein to the contrary, each of the Canadian Borrowers covenants and agrees that all Obligations with respect to all Canadian Loans, Reimbursement Obligations with respect to Canadian Letters of Credit, Bankers' Acceptances and any other Obligations payable to the Canadian Agent or any of the Canadian Banks shall constitute the joint and several obligation of such Canadian Borrower, and the Canadian Borrowers shall have no liability for any such Obligations with respect to Syndicated Loans, Swing Line Loans, Competitive Bid Loans and Reimbursement Obligations with respect to Domestic Letters of Credit and any other Obligations payable to the Administrative Agent or any of the Domestic Banks. Each of the Canadian Borrowers, to the fullest extent permitted by applicable law, is accepting joint and several liability for the Obligations of the Canadian Borrowers hereunder and under the other Loan Documents in consideration of the financial accommodation to be provided by the Canadian Agent and the Canadian Banks under this Agreement, for the mutual benefit, directly or indirectly, of each of the Canadian Borrowers and in consideration of the undertakings of each other Canadian Borrower to accept the joint and several liability for the Obligations of the Canadian Borrowers, and hereby waives any and all defenses with respect thereto to the same degree and with the same force as the waiver by the Guarantors set forth in Section 29.4 below and all rights with respect to Article 15 Title 1 of General Obligations Law.

SECTION 29. GUARANTY.

SECTION 29.1. GUARANTY. For value received and hereby acknowledged and as an inducement to the Banks and the Issuing Banks to make the Loans and Letters of Credit available to the Borrowers and to accept and purchase Bankers' Acceptances, Sanifill hereby unconditionally and irrevocably guarantees (a) the full punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrowers now or hereafter existing whether for principal, interest, fees, expenses or otherwise, and (b) the strict performance and observance by the Borrowers of all agreements, warranties and covenants applicable to the Borrowers in the Loan Documents and (c) the obligations of the Borrowers under the Loan Documents (such Obligations collectively being hereafter referred to as Sanifill's "Guaranteed Obligations"); and the Company hereby unconditionally and irrevocably guarantees (a) the full punctual payment when due, whether at

stated maturity, by acceleration or otherwise, of all Obligations of the Canadian Borrowers now or hereafter existing whether for principal, interest, fees, expenses or otherwise, and (b) the strict performance and observance by the Canadian Borrowers of all agreements, warranties and covenants applicable to the Canadian Borrowers in the Loan Documents (such Obligations collectively being hereinafter referred to as the Company's "Guaranteed Obligations").

SECTION 29.2. GUARANTY ABSOLUTE. Each of the Guarantors guarantees that its Guaranteed Obligations will be paid strictly in accordance with the terms hereof, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Bank, any Issuing Bank or any Bank Agent with respect thereto. The liability of the Guarantors under the guaranty granted under this Agreement with regard to the Guaranteed Obligations shall be absolute and unconditional irrespective of:

(a) any change in the time, manner or place of payment of, or in any other term of, all or any of its Guaranteed Obligations or any other amendment or waiver of or any consent to departure from this Agreement or any other Loan Document (with regard to such Guaranteed Obligations);

(b) any release or amendment or waiver of or consent to departure from any other guaranty for all or any of its Guaranteed Obligations;

(c) any change in ownership of the Borrowers;

(d) any acceptance of any partial payment(s) from the Borrowers or the other Guarantor; or

(e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any of the Borrowers in respect of its Obligations under any Loan Document.

The guaranty under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Guaranteed Obligation is rescinded or must otherwise be returned by the Banks, the Issuing Banks or the Bank Agents upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

SECTION 29.3. EFFECTIVENESS; ENFORCEMENT. The guaranty under this Agreement shall be effective and shall be deemed to be made with respect to each Loan made, each Letter of Credit issued and each Bankers' Acceptance accepted as of the time it is made, issued or accepted, as applicable. No invalidity, irregularity or unenforceability by reason of any bankruptcy or similar law, or any law or order of any government or agency thereof purporting to reduce, amend or otherwise affect any liability of any Borrower, and no defect in or insufficiency or want of powers of any Borrower or irregular or improperly recorded exercise thereof, shall impair, affect, be a defense to or claim against such guaranty. The guaranty under this Agreement is a continuing guaranty and shall (a) survive any termination of this Agreement, and (b) remain in full force and effect until payment in full of, and performance of, all Guaranteed Obligations and all other amounts payable under the guaranty under this

Agreement. Notwithstanding anything set forth in this Section 29 to the contrary, Sanifill shall be released from its guaranty obligations upon the satisfaction (as determined in the Bank Agents' judgment and evidenced by a release executed by the Bank Agents) of the Prudential Private Placement Debt

and the Sanifill Convertible Subordinated Debt. The guaranty under this Agreement is made for the benefit of the Bank Agents, the Issuing Banks and the Banks and their successors and assigns, and may be enforced from time to time as often as occasion therefor may arise and without requirement on the part of the Bank Agents, the Issuing Banks or the Banks first to exercise any rights against the Borrowers, or to resort to any other source or means of obtaining payment of any of the said obligations or to elect any other remedy.

SECTION 29.4. WAIVER. Except as otherwise specifically provided in any of the Loan Documents, each of the Guarantors hereby waives promptness, diligence, protest, notice of protest, all suretyship defenses, notice of acceptance and any other notice with respect to any of its Guaranteed Obligations and the guaranty under this Agreement and any requirement that the Banks, the Issuing Banks or the Bank Agents protect, secure, perfect any security interest or lien or any property subject thereto or exhaust any right or take any action against the Borrowers or any other Person. Each of the Guarantors also irrevocably waives, to the fullest extent permitted by law, all defenses which at any time may be available to it in respect of its Guaranteed Obligations by virtue of any statute of limitations, valuation, stay, moratorium law or other similar law now or hereafter in effect.

SECTION 29.5. EXPENSES. Each of the Guarantors hereby promises to reimburse (a) the Documentation Agent for all reasonable out-of-pocket fees and disbursements (including all reasonable attorneys' fees), incurred or expended in connection with the preparation, filing or recording, or interpretation of the guaranty under this Agreement, the other Loan Documents to which such Guarantor is a party, or any amendment, modification, approval, consent or waiver hereof or thereof, and (b) the Bank Agents, the Issuing Banks and the Banks and their respective affiliates for all reasonable out-of-pocket fees and disbursements (including reasonable attorneys' fees), incurred or expended in connection with the enforcement of its Guaranteed Obligations (whether or not legal proceedings are instituted). The Guarantors will pay any taxes (including any interest and penalties in respect thereof) other than the Banks' taxes based on overall income or profits, payable on or with respect to the transactions contemplated by the guaranty under this Agreement, each of the Guarantors hereby agreeing jointly and severally to indemnify each Bank with respect thereto.

SECTION 29.6. CONCERNING JOINT AND SEVERAL LIABILITY OF THE GUARANTORS.

(a) Each of the Guarantors hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the applicable Borrower(s), with respect to the payment and performance of all of its Guaranteed Obligations (including, without limitation, any Guaranteed Obligations arising under this Section 29), it being the intention of the parties hereto that all such Guaranteed Obligations shall be the joint and several Guaranteed Obligations of such Guarantor and the applicable Borrower(s) without preferences or distinction among them.

(b) If and to the extent that the applicable Borrower(s) shall fail to make any payment with respect to any of its Guaranteed Obligations as and when due or to perform any of its Guaranteed Obligations in accordance with the terms thereof, then in each such event the applicable Guarantor will make such payment with respect to, or perform, such Guaranteed Obligation.

(c) The Guaranteed Obligations of each Guarantor under the provisions of this Section 29 constitute full recourse obligations of such Guarantor enforceable against such Guarantor to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstance whatsoever.

(d) Except as otherwise expressly provided in this Agreement, each of the Guarantors hereby waives notice of acceptance of its joint and several liability, notice of any Loans made, Bankers' Acceptances accepted or Letters of Credit issued under this Agreement, notice of any action at any time taken or omitted by the Bank Agents, the Issuing Banks or the Banks under or in respect of any of the Guaranteed Obligations, and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement. Each of the Guarantors hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Guaranteed Obligations, the acceptance of any payment of any of the Guaranteed Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Bank Agents, the Issuing Banks or the Banks at any time or times in respect of any Default or Event of Default by any of the Borrowers or the Guarantors in the performance or satisfaction of any term, covenant, condition or provision of this Agreement or any other Loan Document, any and all other indulgences whatsoever by the Bank Agents, the Issuing Banks or the Banks in respect of any of the Guaranteed Obligations, and the taking, addition, substitution or release, in whole or in part, at any time

or times, of any security for any of the Guaranteed Obligations or the addition, substitution or release, in whole or in part, of any of the Borrowers or any other Guarantor. Without limiting the generality of the foregoing, each of the Guarantors assents to any other action or delay in acting or failure to act on the part of the Banks, the Issuing Banks or the Bank Agents with respect to the failure by any of the Borrowers or the other Guarantor to comply with its respective Obligations or Guaranteed Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 29, afford grounds for terminating, discharging or relieving the Guarantors, in whole or in part, from any of the Guaranteed Obligations under this Section 29, it being the intention of the Guarantors that, so long as any of the Guaranteed Obligations hereunder remain unsatisfied, the Guaranteed Obligations of each of the Guarantors under this Section 29 shall not be discharged except by performance and then only to the extent of such performance. The Guaranteed Obligations of each of the Guarantors under this Section 29 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any of the Borrowers or the Guarantors or the Banks, the Issuing Banks or the Bank Agents. The joint and several liability of each of the Guarantors hereunder shall continue in full force and effect notwithstanding any absorption, merger, consolidation, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of the Borrowers or the Guarantors, the Banks, the Issuing Banks or the Bank Agents.

(e) Sanifill, and, solely in its capacity as a Guarantor of the Obligations of the Canadian Borrowers under this Section 29, the Company, shall be liable under the Guaranty under this Section 29 only for the maximum amount of such liabilities that can be incurred under applicable law without rendering this Agreement, as it relates to the guaranty under this Section 29, voidable under applicable law relating to fraudulent conveyance and fraudulent transfer, and not for any greater amount. Accordingly, if any obligation under any provision of the guaranty under this Section 29 shall be declared to be invalid or unenforceable in any respect or to any extent, it is the stated intention and agreement of the Guarantors, the Bank Agents, the Issuing Banks and the Banks that any balance of the obligation created by such provision and all other obligations of the Guarantors under

this Section 29 to the Banks, the Issuing Banks or the Bank Agents shall remain valid and enforceable, and that all sums not in excess of those permitted under applicable law shall remain fully collectible by the Banks, the Issuing Banks and the Bank Agents from Sanifill or the Company, as the case may be.

(f) The provisions of this Section 29 are made for the benefit of the Bank Agents, the Issuing Banks and the Banks and their successors and assigns, and may be enforced in good faith by them from time to time against the Guarantors as often as occasion therefor may arise and without requirement on the part of the Bank Agents, the Issuing Banks or the Banks first to marshal any of their claims or to exercise any of their rights against the Borrowers or the Guarantors or to exhaust any remedies available to them against the Borrowers or the Guarantors or to resort to any other source or means of obtaining payment of any of the obligations hereunder or to elect any other remedy. The provisions of this Section 29 shall remain in effect until all of the Guaranteed Obligations shall have been paid in full or otherwise fully satisfied and the Domestic Commitments and Canadian Commitments have expired and all outstanding Letters of Credit and Bankers' Acceptances have expired, matured or otherwise been terminated. If at any time, any payment, or any part thereof, made in respect of any of the Guaranteed Obligations, is rescinded or must otherwise be restored or returned by the Banks, the Issuing Banks or the Bank Agents upon the insolvency, bankruptcy or reorganization of any of the Borrowers or the Guarantors, or otherwise, the provisions of this Section 29 will forthwith be reinstated in effect, as though such payment had not been made.

SECTION 29.7. WAIVER. Until the final payment and performance in full of all of the Obligations, neither of the Guarantors shall exercise and each of the Guarantors hereby waives any rights such Guarantor may have against the Borrowers or the other Guarantor arising as a result of payment by such Guarantor hereunder, by way of subrogation, reimbursement, restitution, contribution or otherwise, and will not prove any claim in competition with the Bank Agents, the Issuing Banks or any Bank in respect of any payment hereunder in any bankruptcy, insolvency or reorganization case or proceedings of any nature; such Guarantor will not claim any setoff, recoupment or counterclaim against the Borrowers or the other Guarantor in respect of any liability of the Borrowers to such Guarantor; and such Guarantor waives any benefit of and any right to participate in any collateral security which may be held by the Bank Agents, the Issuing Banks or any Bank.

SECTION 29.8. SUBROGATION; SUBORDINATION. The payment of any amounts due with respect to any indebtedness of the Borrowers for money borrowed or credit received now or hereafter owed to either of the Guarantors is hereby subordinated to the prior payment in full of all of the Obligations. Each of the Guarantors agrees that, after the occurrence of any default in the payment or performance of any of the Obligations, such Guarantor will not demand, sue for or otherwise attempt to collect any such indebtedness of the Borrowers or the other Guarantor to such Guarantor until all of the Obligations shall have been paid in full. If, notwithstanding the foregoing sentence, either of the

Guarantors shall collect, enforce or receive any amounts in respect of such indebtedness while any Obligations are still outstanding, such amounts shall be collected, enforced and received by such Guarantor as trustee for the Banks, the Issuing Banks and the Bank Agents and be paid over to the Administrative Agent at Default, for the benefit of the Banks, the Issuing Banks, and the Bank Agents on account of the Obligations without affecting in any manner the

liability of such Guarantor under the other provisions hereof.

SECTION 29.9. CURRENCY OF PAYMENT. Each of the Guarantors shall pay its respective Guaranteed Obligations in the currency in which such Obligation was incurred by the applicable Borrower(s).

SECTION 30. PARI PASSU TREATMENT.

(a) Notwithstanding anything to the contrary set forth herein, each payment or prepayment of principal and interest received after the occurrence of an Event of Default hereunder shall be distributed pari passu among the Banks, in accordance with the aggregate outstanding principal amount of the Obligations owing to each Bank divided by the aggregate outstanding principal amount of all Obligations..

(b) Following the occurrence and during the continuance of any Event of Default, each Bank agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower (pursuant to Section 14 or otherwise), including a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from or in lieu of, such secured claim, received by such Bank under any applicable bankruptcy, insolvency or other similar law or otherwise, obtain payment (voluntary or involuntary) in respect of the Notes, Loans, Bankers' Acceptances, Reimbursement Obligations and other Obligations held by it (other than pursuant to Section 6.5, Section 6.6 or Section 6.8) as a result of which the unpaid principal portion of the Notes and the Obligations held by it shall be proportionately less than the unpaid principal portion of the Notes and Obligations held by any other Bank, it shall be deemed to have simultaneously purchased from such other Bank a participation in the Notes and Obligations held by such other Bank, so that the aggregate unpaid principal amount of the Notes, Obligations and participations in Notes and Obligations held by each Bank shall be in the same proportion to the aggregate unpaid principal amount of the Notes and Obligations then outstanding as the principal amount of the Notes and other Obligations held by it prior to such exercise of banker's lien, setoff or counterclaim was to the principal amount of all Notes and other Obligations outstanding prior to such exercise of banker's lien, setoff or counterclaim; provided, however, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 30 and the payment

giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustments restored without interest. Each Borrower expressly consents to the foregoing arrangements and agrees that any Person holding such a participation in the Notes and the Obligations deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower to such Person as fully as if such Person had made a Loan directly to such Borrower in the amount of such participation.

SECTION 31. FINAL AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement under seal as of the date first set forth above.

THE BORROWERS AND GUARANTORS:

USA WASTE SERVICES, INC.

By: /s/ EARL E. DEFRATES

Earl E. DeFrates
Executive Vice President and CFO

SANIFILL, INC.

By: /s/ RONALD H. JONES

Ronald H. Jones
Vice President & Treasurer

CANADIAN WASTE SERVICES INC.

By: /s/ RONALD H. JONES

Ronald H. Jones
Vice President & Treasurer

THE BANKS AND AGENTS:

THE FIRST NATIONAL BANK OF BOSTON

By: /s/ ARTHUR J. OBERHEIM

Vice President

BANK OF AMERICA ILLINOIS

By: /s/ ILLEGIBLE

Title: Vice President

BANK OF AMERICA CANADA

By: /s/ ILLEGIBLE

Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF

NEW YORK, Individually and as
Administrative Agent

By: /s/ LAURA E. REIM

Title: Vice President

J.P. MORGAN CANADA, individually and
as Canadian

By: /s/ JOHN MAYNARD

Title: Vice President & Controller

ABN AMRO BANK, HOUSTON AGENCY

By: /s/ LAURIE C. TUZO

Title: Group Vice President

By: /s/ RONALD A. MAHLE

Title: Group Vice President

THE BANK OF NEW YORK

By: /s/ ALAN F. LYSTER, JR.

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. ASHBY

Title: Senior Manager Loan Operations

CIBC INC.

By: /s/ [ILLEGIBLE]

Title:

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ JACQUES-YVES MULLIEZ

Title: Senior Vice President

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By: /s/ JEAN M. HANNIGAN

Title: Vice President

By: /s/ VISHWANIE S. SEWSANKER

Title: Associate

THE FUJI BANK, LIMITED, HOUSTON AGENCY

By: /s/ DAVID KELLEY

Title: Senior Vice President

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION

By: /s/ ILLEGIBLE

Title: Vice President

THE BANK OF TOKYO-MITSUBISHI LTD.

By: /s/ J. BECKWITH

Title: Vice President

BANQUE PARIBAS, HOUSTON AGENCY

By: /s/ SCOTT CLINGAN

Title: Vice President

By: /s/ [ILLEGIBLE]

Title: Vice President

COMERICA BANK

By: /s/ REGINALD M. GOLDSMITH, III

Title: Vice President

THE SANWA BANK LIMITED, DALLAS AGENCY

By: /s/ MATTHEW G. PATRICK

Title: Vice President

TEXAS COMMERCE BANK, NATIONAL ASSOCIATION

By: /s/ [ILLEGIBLE]

Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ NEVA NESBITT

Title: Vice President

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK AND
CAYMAN ISLAND BRANCHES

By: /s/ [ILLEGIBLE]

Title: Vice President

FLEET BANK, N.A.

By: /s/ ILLEGIBLE

Title: Vice President

BANK AUSTRIA
AKTIENGESELLSCHAFT

By: /s/ JEANINE BALL

Title: Assistant Vice President

By: /s/ JOSEPH A. STEINER

Title: Senior Vice President

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ ILLEGIBLE
Title: Vice President

DG BANK DEUTSCHE
GENOSSENSCHAFTSBANK

By: /s/ ILLEGIBLE
Title: Vice President

By: /s/ ILLEGIBLE
Title: Vice President

THE LONG-TERM CREDIT BANK OF
JAPAN, LIMITED, NEW YORK BRANCH

By: /s/ ILLEGIBLE
Title: Joint General Manager

THE MITSUBISHI TRUST AND BANKING
CORP., CHICAGO BRANCH

By: /s/ [ILLEGIBLE]
Title: Chief Manager

THE SUMITOMO BANK, LIMITED

By: /s/ HARUMITSO SEKI
Title: General Manager

SUNTRUST BANK, ATLANTA

By: /s/ TRISHA E. HARDY
Title: Corporate Banking Officer

By: /s/ JOHN A. FIELDS, JR.

Title: Vice President

HIBERNIA NATIONAL BANK

By: /s/ TROY J. VILLAFARRA

Title: Vice President

ROYAL BANK OF CANADA

By: /s/ GORDON [ILLEGIBLE]

Title: Manager

BANK OF MONTREAL

By: /s/ MICHAEL D. PINCUS

Title: Managing Director

BANQUE NATIONALE DE PARIS

By: /s/ MIKE SHRYOCK

Title: Vice President

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/ ILLEGIBLE

Title: Vice President

PNC BANK, N.A.

By: /s/ DAVID EGAN

Title: Sr. Vice President

YASUDA TRUST AND BANKING CO., LTD.

By: /s/ MAKOTO TAGAWA

Title: Deputy General Manager

KREDIETBANK, N.V.

By: /s/ TOD R. ANGUS /s/ ROBERT SNAUFFER

Title: Vice President

SOCIETE GENERALE

By: /s/ THIERRY NAMUROY

Title: Vice President

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY

By: /s/ KAZUTOSHI KUWAHARA

Title: Executive Vice President

The Industrial Bank of Japan,
Limited, Houston Office
(Authorized Representative)

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BANCA COMMERCIALE ITALIANA,
LOS ANGELES FOREIGN BRANCH

By: /s/ RICHARD E. SWANICKI

Title: Vice President

By: /s/ [ILLEGIBLE]

Title: Vice President & Manager

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EXHIBIT A

FORM OF
SYNDICATED NOTE

$_____ as of March __, 1997

FOR VALUE RECEIVED, the undersigned, USA WASTE SERVICES, INC., a Delaware corporation (the "Company"), hereby absolutely and unconditionally promises to pay to the order of [INSERT NAME OF PAYEE BANK] (the "Bank") at the head office of Morgan Guaranty Trust Company of New York, as Administrative Agent for the Banks, at 60 Wall Street, New York, New York 10260:

(a) on the Maturity Date, the principal amount of _____ DOLLARS ($_____) or, if less, the then outstanding aggregate unpaid principal amount of Syndicated Loans made by the Bank to the Company pursuant to the Amended and Restated Revolving Credit Agreement, dated as of March 5, 1997 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement"), by and among the Company, the Bank, Canadian Waste Services, Inc. (the "Canadian Borrower"), Sanifill, Inc., the Administrative Agent, the other Bank Agents referred to therein, and such other banks or financial institutions that are or may become parties to the Credit Agreement from time to time in accordance with the provisions thereof; and

(b) interest on the principal balance hereof from time to time outstanding from the date hereof through and including the date on which such principal amount is paid in full, at the times and at the rates provided in the Credit Agreement, subject however to the provisions of Section 6.10 of the Credit Agreement.

This Syndicated Note evidences borrowings under, is subject to the terms and conditions of, and has been issued by the Company in accordance with, the Credit Agreement and is one of the Syndicated Notes referred to therein. The Bank and any holder hereof are entitled to the benefits of the Credit Agreement and may enforce the agreements of the Company contained therein, and any holder hereof may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof. All capitalized terms used in this Syndicated Note and not otherwise defined herein shall have the same meanings herein as in the Credit Agreement.

The Bank shall endorse, and is hereby irrevocably authorized by the Company to endorse, on the schedule attached to this Syndicated Note or a continuation of such schedule attached hereto and made a part hereof, an appropriate notation evidencing advances and repayments of principal of this

Syndicated Note, provided that failure by the Bank to make any such notations shall not affect any of the Company's obligations or the validity of any repayments made by the Company in respect of this Syndicated Note.

The Company has the right in certain circumstances and the obligation in certain other circumstances to prepay the whole or part of the principal of this Syndicated Note on the terms and conditions specified in the Credit Agreement.

If any one or more Events of Default shall occur, the entire unpaid principal amount of this Syndicated Note and all of the unpaid interest accrued thereon may become or be declared due and payable in the manner and with the effect provided in the Credit Agreement.

The Company and every endorser of this Syndicated Note or the

obligation represented hereby waive presentment, demand, notice, protest, notice of intent to accelerate, notice of acceleration and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Syndicated Note, assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral and to the addition or release of any other party or person primarily or secondarily liable.

This Syndicated Note shall be deemed to take effect as an instrument under the internal laws of the State of New York, without regard to principles of conflicts-of-laws or choice of law doctrines, and for all purposes shall be construed in accordance with such laws.

IN WITNESS WHEREOF, the Company has caused this Syndicated Note to be signed on its behalf by its duly authorized officer as of the day and year first above written.

USA WASTE SERVICES, INC.

By: ----------

Title:

Date	Loan Type	Amount of Loan	Amount of Principal Paid or Prepaid	Balance of Principal Unpaid	Notation Made By

EXHIBIT B

SWING LINE NOTE

$10,000,000 as of March __, 1997

FOR VALUE RECEIVED, the undersigned, USA WASTE SERVICES, INC., a Delaware corporation (the "Company"), hereby absolutely and unconditionally promises to pay to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank") at the head office of Morgan Guaranty Trust Company of New York, as Administrative Agent for the Banks, at 60 Wall Street, New York, New York 10260:

(a) on the Maturity Date, the principal amount of TEN MILLION DOLLARS ($10,000,000) or, if less, the then outstanding aggregate unpaid principal amount of Swing Line Loans made by the Bank to the Company pursuant to the Amended and Restated Revolving Credit Agreement, dated as of March 5, 1997 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement"), by and among the Company, the Bank, Canadian Waste Services, Inc. (the "Canadian Borrower"), Sanifill, Inc., the Administrative Agent, the other Bank Agents referred to therein, and such other banks or financial institutions that are or may become parties to the Credit Agreement from time to time in accordance with the provisions thereof; and

(b) interest on the principal balance hereof from time to time outstanding from the date hereof through and including the date on which such principal amount is paid in full, at the times and at the rates provided in the Credit Agreement, subject however to the provisions of Section 6.10 of the Credit Agreement.

This Swing Line Note evidences borrowings under, is subject to the terms and conditions of, and has been issued by the Company in accordance with the Credit Agreement and is the Swing Line Note referred to therein. The Bank and any holder hereof are entitled to the benefits of the Credit Agreement and may enforce the agreements of the Company contained therein, and any holder hereof may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof. All capitalized terms used in this Swing Line Note and not otherwise defined herein shall have the same meanings herein as in the Credit Agreement.

The Bank shall endorse, and is hereby irrevocably authorized by the Company to endorse, on the schedule attached to this Swing Line Note or a continuation of such schedule attached hereto and made a part hereof, an appropriate notation evidencing advances and repayments of principal of this Swing Line Note, provided that failure by the Bank to make any such notations shall not

affect any of the Company's obligations or the validity of any repayments made by the Company in respect of this Swing Line Note.

The Company has the right in certain circumstances and the obligation in certain other circumstances to prepay the whole or part of the principal of this Swing Line Note on the terms and conditions specified in the Credit Agreement.

If any one or more Events of Default shall occur, the entire unpaid principal amount of this Swing Line Note and all of the unpaid interest accrued thereon may become or be declared due and payable in the manner and with the effect provided in the Credit Agreement.

The Company and every endorser of this Swing Line Note or the obligation represented hereby waive presentment, demand, notice, protest, notice of intent to accelerate, notice of acceleration and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Swing Line Note, assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral and to the addition or release of any other party or person primarily or secondarily liable.

This Swing Line Note shall be deemed to take effect as an instrument under the internal laws of the State of New York, without regard to principles of conflicts-of-laws or choice of law doctrines, and for all purposes shall be construed in accordance with such laws.

IN WITNESS WHEREOF, the Company has caused this Swing Line Note to be signed on its behalf by its duly authorized officer as of the day and year first above written.

USA WASTE SERVICES, INC.

By: _____

Title:

Date	Amount of Loan	Amount of Principal Paid or Prepaid	Balance of Principal Unpaid	Notation Made By

EXHIBIT C

FORM OF CANADIAN NOTE

U.S. $_____ as of [ ]

FOR VALUE RECEIVED, the undersigned, CANADIAN WASTE SERVICES, INC., a Canadian corporation (the "Canadian Borrower"), hereby absolutely and unconditionally promises to pay to the order of [INSERT NAME OF PAYEE BANK] (the "Bank") at the head office of J.P. Morgan Canada, as Canadian Agent for the Banks, at Royal Bank Plaza, Suite 2200, South Tower, Toronto, Ontario M5J 2J2:

(a) on the Maturity Date, the principal amount of _____ DOLLARS ($_____) (U.S.) or, if less, the sum of (i) the then outstanding aggregate unpaid principal amount of Canadian Loans made in U.S. Dollars by the Bank to the Canadian Borrower pursuant to the Amended and Restated Revolving Credit Agreement, dated as of March 5, 1997 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement"), by and among USA Waste Services, Inc., the Canadian Borrower, the Bank, Sanifill, Inc., the Administrative Agent, the other Bank Agents referred to therein, and such other banks or financial institutions that are or may become parties to the Credit Agreement from time to time in accordance with the provisions thereof and (ii) the then outstanding aggregate unpaid principal amount of Canadian Loans made in Canadian Dollars by the Bank to the Canadian Borrower pursuant to the Credit Agreement; and

(b) interest on the principal balance hereof from time to time outstanding from the date hereof through and including the date on which such principal amount is paid in full, at the times and at the rates provided in the Credit Agreement, subject however to the provisions of Section 6.10 of the

Credit Agreement.

This Canadian Note evidences borrowings under, is subject to the terms and conditions of, and has been issued by the Canadian Borrower in accordance with the Credit Agreement and is one of the Canadian Notes referred to therein. Repayments under this Canadian Note shall be made in U.S. Dollars or Canadian Dollars as required pursuant to the terms of the Credit Agreement. The Bank and any holder hereof are entitled to the benefits of the Credit Agreement and may enforce the agreements of the Canadian Borrower contained therein, and any holder hereof may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof. All capitalized terms used in this Canadian Note and not otherwise defined herein shall have the same meanings herein as in the Credit Agreement.

The Bank shall endorse, and is hereby irrevocably authorized by the Canadian Borrower to endorse, on the schedule attached to this Canadian Note or a continuation of such schedule attached hereto and made a part hereof, an appropriate notation evidencing advances and repayments of principal of this Canadian Note, provided that failure by the Bank to make any such notations shall not affect the Canadian Borrower's obligations or the validity of any repayments made by the Canadian Borrower in respect of this Canadian Note.

The Canadian Borrower has the right in certain circumstances and the obligation in certain other circumstances to prepay the whole or part of the principal of this Canadian Note on the terms and conditions specified in the Credit Agreement.

If any one or more Events of Default shall occur, the entire unpaid principal amount of this Canadian Note and all of the unpaid interest accrued thereon may become or be declared due and payable in the manner and with the effect provided in the Credit Agreement.

The Canadian Borrower and every endorser of this Canadian Note or the obligation represented hereby waive presentment, demand, notice, protest, notice of intent to accelerate, notice of acceleration and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Canadian Note, assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral and to the addition or release of any other party or person primarily or secondarily liable.

This Canadian Note shall be deemed to take effect as an instrument under the internal laws of the State of New York, without regard to principles of conflicts-of-laws or choice of law doctrines, and for all purposes shall be construed in accordance with such laws.

IN WITNESS WHEREOF, the undersigned has caused this Canadian Note to be signed on its behalf by its duly authorized officer as of the day and year first above written.

CANADIAN WASTE SERVICES, INC.

By:

Title:

Date	Loan Type	Amount of Loan	Amount of Principal Paid or Prepaid	Balance of Principal Unpaid	Notation Made By

EXHIBIT D

FORM OF
COMPETITIVE BID NOTE

$500,000,000 as of March __, 1997

FOR VALUE RECEIVED, the undersigned, USA WASTE SERVICES, INC., a Delaware corporation (the "Company"), hereby absolutely and unconditionally promises to pay to the order of [BANK NAME] (the "Bank") at the head office of

Morgan Guaranty Trust Company of New York, as Administrative Agent for the Banks, at 60 Wall Street, New York, New York 10260:

(a) on the last date of the relevant Interest Period(s), and on the Maturity Date, the principal amount of FIVE HUNDRED MILLION DOLLARS ($500,000,000) or, if less, the aggregate unpaid principal amount of Competitive Bid Loans made by the Bank to the Company pursuant to the Amended and Restated Revolving Credit Agreement, dated as of March 5, 1997 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement"), by and among the Company, the Bank, Canadian Waste Services, Inc. (the "Canadian Borrower"), Sanifill, Inc., the Administrative Agent, the other Bank Agents referred to therein, and such other banks or financial institutions that are or may become parties to the Credit Agreement from time to time in accordance with the provisions thereof; and

(b) interest on the principal balance hereof from time to time outstanding from the date hereof through and including the date on which such principal amount is paid in full, at the times and at the rates provided in the Credit Agreement, subject however to the provisions of Section 6.10 of the Credit Agreement.

This Competitive Bid Note evidences borrowings under, is subject to the terms and conditions of, and has been issued by the Company in accordance with the terms of the Credit Agreement and is one of the Competitive Bid Notes referred to therein. The Bank and any holder hereof are entitled to the benefits of the Credit Agreement and may enforce the agreements of the Company contained therein, and any holder hereof may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof. All capitalized terms used in this Competitive Bid Note and not otherwise defined herein shall have the same meanings herein as in the Credit Agreement.

The Bank shall endorse, and is hereby irrevocably authorized by the Company to endorse, on the schedule attached to this Competitive Bid Note or a

continuation of such schedule attached hereto and made a part hereof, an appropriate notation evidencing advances and repayments of principal of this Competitive Bid Note, provided that failure by the Bank to make any such notations shall not affect any of the Company's obligations or the validity of any repayments made by the Company in respect of this Competitive Bid Note.

The Company has the obligation in certain circumstances to prepay the whole or part of the principal of this Competitive Bid Note on the terms and conditions specified in the Credit Agreement.

If any one or more Events of Default shall occur, the entire unpaid principal amount of this Competitive Bid Note and all of the unpaid interest accrued thereon may become or be declared due and payable in the manner and with the effect provided in the Credit Agreement.

The Company and every endorser of this Competitive Bid Note or the obligation represented hereby waive presentment, demand, notice, protest, notice of intent to accelerate, notice of acceleration and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Competitive Bid Note, assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral and to the addition or release of any other party or person primarily or secondarily liable.

This Competitive Bid Note shall be deemed to take effect as an

instrument under the internal laws of the State of New York, without regard to principles of conflicts-of-laws or choice of law doctrines, and for all purposes shall be construed in accordance with such laws.

IN WITNESS WHEREOF, the Company has caused this Competitive Bid Note to be signed on its behalf by its duly authorized officer as of the day and year first above written.

USA WASTE SERVICES, INC.

By: _____

Title:

Date	Loan Type	Amount of Loan	Amount of Principal Paid or Prepaid	Balance of Principal Unpaid	Notation Made By

EXHIBIT E

FORM OF SYNDICATED LOAN REQUEST

USA WASTE SERVICES, INC.
Amended and Restated Revolving Credit Agreement
(the "Credit Agreement") dated as of March 5, 1997

Syndicated Loan Request under Section 2.6(a)

Total Domestic Commitment	----------
Domestic Loans outstanding (other than Swing Line Loans)	----------
Swing Line Loans outstanding	----------
Amount of this Request	----------
Maximum Drawing Amount of outstanding Domestic Letters of Credit	----------
Total of all outstanding and requested Domestic Loans plus Maximum Drawing Amount of all outstanding Domestic Letters of Credit (must not exceed Total Domestic Commitment)	----------
Proposed Drawdown Date	----------
Interest Rate Option (Base Rate or Eurodollar)	----------
Interest Period (if Eurodollar)	----------

Conversion under Section 2.7

Amount to be converted from Eurodollar to Base Rate:	----------
Amount to be converted from Base Rate to Eurodollar:	----------
Conversion Date	----------

Interest Period (if Eurodollar)

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I certify that the above is true and correct, and that all of the conditions set forth in Section 12 of the Credit Agreement have been satisfied as of the date hereof.

USA WASTE SERVICES, INC.

By:

Name:
Title:

Date

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EXHIBIT F-1

FORM OF DOMESTIC LETTER OF CREDIT REQUEST

USA WASTE SERVICES, INC.
Amended and Restated Revolving Credit
Agreement (the "Credit Agreement") dated as
of March 5, 1997

Domestic Letter of Credit Request Under Section 4.1
- ---

Total Domestic Commitment

Maximum Drawing Amount of

Domestic Letters of Credit outstanding
Amount of this Request from Letter of Credit
Application (attached)

Domestic Loans outstanding

Maximum Drawing Amount of all outstanding
---
and Requested Domestic Letters of Credit
(must not exceed the lesser of (i) $500,000,000 and (ii) Total

Domestic Commitment minus Total of all Domestic Loans outstanding)

I certify that the above is true and correct, and that all of the conditions set forth in Section 12 of the Credit Agreement have been satisfied as of the date hereof.

[REQUESTING PARTIES]

By:

Name:
Title:

Date

cc: Brian Fidler
Morgan Christiana Center
Fax: (302) 634-1838

EXHIBIT F-2

FORM OF CANADIAN LETTER OF CREDIT REQUEST

CANADIAN WASTE SERVICES, INC. Amended
and Restated Revolving Credit Agreement
(the "Credit Agreement") dated as of March 5, 1997

Canadian Letter of Credit Request Under Section 4.1
- ---

Total Canadian Commitment ---

Maximum Drawing Amount of ---
Canadian Letters of Credit outstanding

Amount of this Request from Letter of Credit
Application (attached) ---

Canadian Loans outstanding ---

Bankers' Acceptances outstanding ---

Maximum Drawing Amount of all outstanding ---
and Requested Canadian Letters of Credit
(must not exceed Total Canadian Commitment minus total of all Canadian Loans and Bankers' Acceptances outstanding)

I certify that the above is true and correct, and that all of the conditions set forth in Section 12 of the Credit Agreement have been satisfied as of the date hereof.

[REQUESTING PARTIES]

By:

Name:
Title:

Date

cc: Brian Fidler
Morgan Christiana Center
Fax: (302) 634-1838

EXHIBIT G

FORM OF CANADIAN LOAN REQUEST

CANADIAN WASTE SERVICES, INC. Amended
and Restated Revolving Credit Agreement
(the "Credit Agreement") dated as of March 5, 1997

Canadian Loan Request under Section 2.6(b)
- ----------

Total Canadian Commitment ----------

Canadian Loans outstanding ----------

Amount of this Request ----------

Maximum Drawing Amount of
outstanding Canadian Letters of Credit ----------

Bankers' Acceptances outstanding ----------

Total of all outstanding and Requested ----------
Canadian Loans plus Maximum
Drawing Amount of all outstanding
Canadian Letters of Credit plus Bankers' Acceptances
outstanding
(must not exceed Total Canadian Commitment)

Proposed Drawdown Date ----------

Canadian Loan to be made in [U.S. Dollars][Canadian Dollars]
Interest Rate Option (Canadian Base Rate or Eurodollar
if Loan in U.S. Dollars/Canadian Prime Rate if Loan
in Canadian Dollars) ----------

Interest Period (if Eurodollar) ----------

Conversion under Section 2.7
- ----------

Amount to be converted from
Eurodollar to Canadian Base Rate: ----------

Amount to be converted from
Canadian Base Rate to Eurodollar: ----------

Conversion Date ----------

Interest Period (if Eurodollar) ----------

I certify that the above is true and correct, and that all of the conditions set forth in Section 12 of the Credit Agreement have been satisfied as of the date hereof.

CANADIAN WASTE SERVICES, INC.

By:

Name:
Title:

Date

EXHIBIT H

FORM OF BANKERS' ACCEPTANCE NOTICE

Date:

J.P. Morgan Canada, as Canadian Agent
c/o Morgan Guaranty Trust Company of New York
60 Wall Street
New York, NY 10260

Ladies and Gentlemen:

Reference is made to the Amended and Restated Revolving Credit Agreement, dated as of March 5, 1997 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement"), by and among USA Waste Services, Inc., Canadian Waste Services, Inc. (the "Canadian Borrower"), Sanifill, Inc., the Administrative Agent, the other Bank Agents referred to therein, and such other banks or financial institutions that are or may become parties to the Credit Agreement from time to time in accordance with the provisions thereof. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

The Canadian Borrower hereby requests a borrowing by way of Bankers' Acceptances under the Credit Agreement and in that connection sets forth below the information relating to such borrowing (the "Proposed Borrowing") as required by Section 3.1 of the Credit Agreement:

(a) Aggregate Face Amount of Bankers' Acceptances(1)
C$_____.

(b) Date of Proposed Borrowing(2)
_____.

(c) Term(3) _____ days.

The Canadian Borrower acknowledges that, as a condition precedent to

the acceptance of any of the requested Bankers' Acceptances, an Acceptance Fee shall be payable to each of the Canadian Banks in respect thereof pursuant to Section 3.3 of the Credit Agreement.

- ----------

(1) Not less than C$1,000,000.00 and in integral multiples of C$100,000.00 in excess thereof.
(2) Must be at least two Business Days after the date of this Notice.
(3) Must be 30, 60, 90 or 180 days maturing no later than five (5) days prior to the Maturity Date.

By delivery of this Bankers' Acceptance Notice and the acceptance of any or all of the Bankers' Acceptances by the Canadian Banks in response to this Bankers' Acceptance Notice, the Canadian Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 12 of the Credit Agreement have been satisfied with respect to the Proposed Borrowing.

Very truly yours,

CANADIAN WASTE SERVICES, INC.

By:

Name:
Title:

EXHIBIT I

USA WASTE SERVICES, INC.
Compliance Certificate dated _____

I, _____, [Chief Financial Officer][Chief Accounting Officer][Corporate Treasurer] of USA WASTE SERVICES, INC. (the "Company") certify that no Default or Event of Default exists and that the Company is in compliance with Sections 8, 9 & 10 of the Amended and Restated Revolving Credit Agreement dated as of March 5, 1997 (as amended and in effect from time to time, the "Credit Agreement"), [as of the end of the quarter ended _____]. Computations to evidence compliance with Sections 9.1(e), 9.3, 9.4, 9.5, and 10 of the Credit Agreement are detailed below. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

By:

Name:

Title:

Section 9.1(e) RESTRICTIONS ON INDEBTEDNESS

Aggregate of Indebtedness of the Company's Subsidiaries	$_____	(a)
Aggregate of secured Indebtedness of the Company	$_____	(b)
Aggregate of Indebtedness with respect to landfill closure bonds of the Company's Subsidiaries	$_____	(c)
Sum of (a) plus (b) plus (c)	$_____	(d)
Consolidated Tangible Assets	$_____	(e)
Item (e) multiplied by 0.05	$_____	(f)
Difference of (d) minus (f) (not to exceed zero at any time)	$_____	

Section 9.3 RESTRICTIONS ON INVESTMENTS

Aggregate amount of all Investments (other than Investments specified in Sections 9.3(iii)(A), (B), and (C)	$_____	(a)
Consolidated Tangible Assets	$_____	(b)
Item (b) multiplied by 0.10	$_____	(c)
Difference of (a) minus (c) (not to exceed zero at any time)(See Section 9.3(iii))	$_____	

Section 9.4 SALES OF ASSETS IN THE ORDINARY COURSE OF BUSINESS

Aggregate of sales of assets in the ordinary course of business during term of Credit Agreement	$_____	(a)
Consolidated Total Assets	$_____	(b)
Item (b) multiplied by 0.10	$_____	(c)
Difference of (a) minus (c) (not to exceed zero at any time)	$_____	

Section 9.5 RESTRICTED DISTRIBUTIONS AND REDEMPTIONS

Aggregate amount of cash dividends and stock redemptions by the Company and its Subsidiaries	$_____	(a)
Cumulative positive Consolidated Net Income after 12/31/95	$_____	(b)
Item (b) multiplied by 0.50	$_____	(c)
Sum of (c) plus $25,000,000	$_____	(d)
Difference of (a) minus (d) (not to exceed zero at any time)	$_____	

Section 10.1 INTEREST COVERAGE RATIO

Consolidated Net Income		$_____ (i)	
Plus:	interest expense	$_____ (ii)	
	income tax expense	$_____ (iii)	
	Western Waste Merger pooling charges (maximum $39,000,000)	$_____ (iv)	
	Sanifill Merger pooling charges	$_____ (v)	
	(maximum $82,556,000)	$_____ (vi)	
	extraordinary charges (maximum $50,848,000)	$_____ (vii)	
Minus:	extraordinary gains from tax credits (commencing 9/30/96)	$_____ (viii)	
	cash reimbursements or payments received with respect to (vii)	$_____ (ix)	
EBIT (net of (i) through (ix))			$_____ (a)
Consolidated Total Interest Expense			$_____ (b)
Ratio of (a) to (b)			_____:_____
Minimum ratio :			3.00:1

Section 10.2 DEBT TO EBITDA RATIO

Funded Debt			$_____ (a)
EBIT		$_____ (i)	
Plus:	amortization expense	$_____ (ii)	
	depreciation expense	$_____ (iii)	
EBITDA (net of (i) through (iii))			$_____ (b)
Ratio of (a) to (b)			_____:_____
Maximum ratio			[3.50:1] [3.25:1]

Section 10.3 DEBT TO TOTAL CAPITALIZATION

(A) For this fiscal quarter:

Funded Debt	$_____ (a)	
Consolidated Total Capitalization	$_____ (b)	
Ratio of (a) to (b)	_____:_____	(A)

	Maximum ratio for any fiscal quarter	0.58:1	
(B)	For the prior fiscal quarter:		
	Funded Debt	$_____	(a)
	Consolidated Total Capitalization	$_____	(b)
	Ratio of (a) to (b)	_____:_____	(B)
	(A+B)/2	$_____	
	Maximum ratio for any two consecutive fiscal quarters	0.55:1	

EXHIBIT J

FORM OF ASSIGNMENT AND ACCEPTANCE

Dated as of _____ __, ____

Reference is made to the AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT dated as of the 5th day of March, 1997 (as amended and in effect from time to time, the "Credit Agreement"), by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Company"), CANADIAN WASTE SERVICES, INC. (the "Canadian Borrower"), SANIFILL, INC., a Delaware corporation, and BANK OF AMERICA ILLINOIS, an Illinois banking corporation ("BAI"), MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York state banking association ("MGT"), J.P. MORGAN CANADA, a bank incorporated in Canada ("MBC"), and the other financial institutions which become lenders thereunder (collectively, the "Banks"), and MGT as administrative agent (the "Administrative Agent") and as documentation agent (the "Documentation Agent"), MBC as the Canadian Agent (the "Canadian Agent", and together with the Administrative Agent and the Documentation Agent, the "Bank Agents"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

[_____](the "Assignor") and [_____] (the "Assignee") hereby agree as follows:

1. ASSIGNMENT. Subject to the terms and conditions of this Assignment and Acceptance, the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes without recourse to the Assignor, the rights, benefits, indemnities and obligations of the Assignor under the Credit Agreement equal to [_____% of its Domestic Commitment Percentage, _____% of its interest in the risk relating to the Domestic Loans and the outstanding Domestic Letters of Credit] [_____% of its Canadian Commitment Percentage and _____% of its interest relating to the Canadian Loans, the Bankers' Acceptances, and the outstanding Canadian Letters of Credit], each as in effect immediately prior to the Effective Date (as hereinafter defined).

2. ASSIGNOR'S REPRESENTATIONS. The Assignor (i) represents and warrants that (A) it is legally authorized to enter into this Assignment and Acceptance, (B) as of the date hereof, [its Domestic Commitment is $_____, its Domestic Commitment Percentage is _____%, the aggregate outstanding principal balance of its

Domestic Loans equals $_____, the aggregate outstanding amount of its participations in Domestic Letters of Credit equals $_____] [its Canadian Commitment is $_____, its Canadian Commitment Percentage is _____%, the aggregate outstanding principal balance of its Canadian Loans equals $_____, the aggregate outstanding amount of its participations in Canadian Letters of Credit equals $_____, and the aggregate amount of its Bankers' Acceptances equals $_____] (in each case before giving effect to the assignment contemplated hereby or any contemplated assignments which have not yet become effective), and (C) immediately after giving effect to all assignments which have not yet become effective, the Assignor's [Domestic Commitment Percentage] [Canadian Commitment Percentage] will be sufficient to give effect to this Assignment and Acceptance, (ii) makes no representation or warranty, express or implied, and assumes and shall have no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or any of the other Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant thereto or the attachment, perfection or priority of any security interest or mortgage, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder free and clear of any claim or encumbrance; (iii) makes no representation or warranty and assumes and shall have no responsibility with respect to the financial condition of the Borrowers or any of their Subsidiaries or any other Person primarily or secondarily liable in respect of any of the Obligations, or the performance or observance by the Borrowers or any of their Subsidiaries or any other Person primarily or secondarily liable in respect of any of the Obligations of any of its obligations under the Credit Agreement or any of the other Loan Documents or any other instrument or document delivered or executed pursuant thereto; and (iv) attaches hereto the Notes delivered to it under the Credit Agreement.

The Assignor requests that the Borrowers exchange the Assignor's Notes for new Notes payable to the Assignor and the Assignee as follows:

Payable to the Order of:	Type of Note	Amount of Note:
[Assignor	Syndicated	$_____]
[Assignee	Syndicated	$_____]
[Assignor	Swing Line	$_____]
[Assignee	Swing Line	$_____]
[Assignor	Canadian	$_____]
[Assignee	Canadian	$_____]

The Assignor requests that [the Company issue [a] new Competitive Bid Note[s] payable to the Assignee and/or Assignor] or [the Administrative Agent make the appropriate entries on the Competitive Bid Loan Accounts] to reflect the assignment of Competitive Bid Loans.(1)

3. ASSIGNEE'S REPRESENTATIONS. The Assignee (i) represents and

warrants that (A) it is duly and legally authorized to enter into this Assignment and Acceptance, (B) the execution, delivery and performance of this Assignment and Acceptance do not conflict with any provision of law or of the charter or by-laws of the Assignee, or of any agreement binding on the Assignee, (C) all acts, conditions and things required to be done and performed and to have occurred prior to the execution, delivery and performance of this Assignment and Acceptance, and to render the same the legal, valid and binding

obligation of the Assignee, enforceable against it in accordance with its terms, have been done and performed and have occurred in due and strict compliance with all applicable laws, [and (D) if this Assignment and Acceptance relates to any of the Canadian Commitments, the Canadian Loans, the Bankers' Acceptances, or the Canadian Letters of Credit, that such Assignee is an Eligible Canadian Assignee]; (ii) confirms that it has received a copy of the Credit Agreement and each of the other Loan Documents, together with copies of the most recent financial statements delivered pursuant to Sections 7.4 and 8.4 of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (iii) agrees that it will, independently and without reliance upon the Assignor, the Agents, the Bank Agents or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement and the other Loan Documents; (iv) appoints and authorizes the Agents and the Bank Agents to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Agents and the Bank Agents by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank; (vi) acknowledges that it has made arrangements with the Assignor satisfactory to the Assignee with respect to its pro rata share of Letter of Credit Fees in respect of outstanding Letters of Credit [and BA Discount Proceeds in respect of outstanding Bankers' Acceptances]; and (vii) agrees to treat in confidence any information obtained by it pursuant to the Credit Agreement unless such information otherwise becomes public knowledge and agrees not to disclose such information to a third party except as required by law or legal process.

- ----------
(1) Elect applicable option.

4. EFFECTIVE DATE. The effective date for this Assignment and Acceptance shall be _____ (the "Effective Date"). Following the execution of this Assignment and Acceptance, each party hereto shall deliver its duly executed counterpart hereof to the Documentation Agent for acceptance by the Agents. The Credit Agreement shall thereupon be amended to reflect the status and rights of the Banks thereunder.

5. RIGHTS UNDER CREDIT AGREEMENT. Upon such acceptance and amendment, from and after the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Bank thereunder, and (ii) the Assignor shall, with respect to that portion of its interest under the Credit Agreement assigned hereunder, relinquish its rights and be released from its obligations under the Credit Agreement; provided, however, that the Assignor shall retain its rights to be indemnified pursuant to Section 17 of the Credit Agreement with respect to any claims or actions with reference to matters arising prior to the Effective Date.

6. PAYMENTS. Upon such acceptance and amendment, from and after the Effective Date, the Bank Agents shall make all payments in respect of the rights and interests assigned hereby (including payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and the Assignee shall make any appropriate adjustments in payments for periods prior to the Effective Date by the Bank Agents or with respect to the making of this assignment directly between themselves.

7. GOVERNING LAW. THIS ASSIGNMENT AND ACCEPTANCE IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT TO BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO CONFLICT OF LAWS

OTHER THAN GENERAL OBLIGATIONS LAW Section 5-1401).

8. COUNTERPARTS. This Assignment and Acceptance may be executed in any number of counterparts which shall together constitute but one and the same agreement.

IN WITNESS WHEREOF, intending to be legally bound, each of the undersigned has caused this Assignment and Acceptance to be executed on its behalf by its officer thereunto duly authorized, as of the date first above written.

[ASSIGNOR]

By:

Name:
Title:

[ASSIGNEE]

By:

Name:
Title:

CONSENTED TO:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as Documentation and Administrative
Agent

By:

Name:
Title:

[J.P. MORGAN CANADA, as Canadian Agent]

By:

Name:
Title:

[USA WASTE SERVICES, INC.]

By:

Name:
Title:

[CANADIAN WASTE SERVICES, INC.]

By:

Name:
Title:

Sanifill, Inc. executes this Assignment and Acceptance solely for purposes of ratifying its guaranty under Section 29 of the Credit Agreement.

SANIFILL, INC.

By:

Name:
Title:

EXHIBIT K

FORM OF COMPETITIVE BID QUOTE REQUEST

USA WASTE SERVICES, INC.
Amended and Restated Revolving Credit
Agreement (the "Credit Agreement") dated as
of March 5, 1997

Competitive Bid Quote Request under Section 5.3
- ---

Total Domestic Commitment ---

Competitive Bid Loans outstanding ---

Competitive Bid Loans Requested ---

Maximum Drawing Amount of ---
outstanding Domestic Letters of Credit

Syndicated Loans (including Swing Line Loans) outstanding ---

Total of all outstanding and Requested ---

Competitive Bid Loans
(must not exceed the lesser of (i) $500,000,000 and
(ii) Total Domestic Commitment minus Total of all Syndicated
Loans outstanding (including Swing Line Loans) and Maximum

Drawing Amount of outstanding Domestic Letters of Credit)

Type of Competitive Bid Loans Requested LIBOR/Absolute

Requested Drawdown Date

Principal Amount of Competitive Bid Loan Requested	Requested Interest Period(s)
- ----------	----------

I certify that the above is true and correct, and that all of the conditions set forth in Section 12 of the Credit Agreement have been satisfied as of the date hereof.

USA WASTE SERVICES, INC.

By:

Name:

Title:

Date

EXHIBIT L

USA WASTE SERVICES, INC.
(the "Company")
Amended and Restated Revolving Credit Agreement
(the "Credit Agreement") dated as of March 5, 1997

FORM OF INVITATION FOR COMPETITIVE BID QUOTES

ATTN:

REF:

RE: INVITATION FOR COMPETITIVE BID QUOTES
AGT DTD / /

MORGAN GUARANTY TRUST COMPANY OF NEW YORK AS ADMINISTRATIVE AGENT
INVITATION FOR COMPETITIVE BID QUOTES DATED / /

PURSUANT TO SECTION 5.3 OF THE ABOVE REFERENCED CREDIT AGREEMENT, YOU ARE INVITED TO SUBMIT A COMPETITIVE BID QUOTE TO THE COMPANY FOR THE FOLLOWING PROPOSED COMPETITIVE BID LOAN(S):

DATE OF BORROWING: / /
AGGREGATE AMOUNT REQUESTED:

PRINCIPAL AMOUNT	INTEREST PERIOD
- ----------	----------

SUCH COMPETITIVE BID QUOTES SHOULD OFFER COMPETITIVE BID RATE(S)/MARGIN(S).

PLEASE RESPOND IN WRITING TO THIS INVITATION BY NO LATER THAN A.M./P.M. (NEW YORK TIME ON / / TO ONE OF THE FOLLOWING:

PRIMARY FAX NO. (302) 634-4051 ALTERNATE FAX NO. (302) 634-1091

NOTE: PLEASE FOLLOW-UP YOUR SUBMITTED WRITTEN BID(S) WITH PHONE VERIFICATION TO CONFIRM. IF YOU ARE UNABLE TO SEND YOUR FAX DUE TO AN OCCUPIED FAX LINE, PLEASE CALL BY A.M./P.M. IN ADDITION, PLEASE SUBMIT YOUR BID(S) IN SUBSTANTIALLY THE FORM OF EXHIBIT "H" TO THE CREDIT AGREEMENT.

QUOTES RECEIVED AFTER A.M./P.M. (NEW YORK TIME) WILL NOT BE FORWARDED TO THE COMPANY.

SUBMITTED BIDS MUST BE FIVE MILLION OR LARGER MULTIPLE OF ONE MILLION. ALSO, PLEASE SPECIFY LIMITATION AMOUNTS, IF APPLICABLE.

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK,
as Administrative Agent

By:

Name:

Title:

Date

EXHIBIT M

FORM OF COMPETITIVE BID QUOTE

USA WASTE SERVICES, INC.
Amended and Restated Revolving Credit Agreement
(the "Credit Agreement") dated as of March 5, 1997

Competitive Bid Quote under Section 5.5
- ---------------------------------------

Bank

Person to Contact

Date of Competitive Bid Quote Request

Type of Competitive Bid Loans Requested LIBOR/Absolute
Requested Drawdown Date

Principal Amount of Competitive Bid Loan Offered	Requested Interest Period(s)	Proposed Competitive Bid Rate/Competitive Bid Margin

I certify that the above is true and correct, and that the offer(s) set forth above irrevocably obligates us to make such Competitive Bid Loan(s) if such offer(s) is/are accepted by the Company and all of the conditions set forth in Section 12 of the Credit Agreement have been satisfied as of the requested Drawdown Date.

[NAME OF BANK]

By:

Name:

Title:

Date

EXHIBIT N

FORM OF NOTICE OF ACCEPTANCE / REJECTION OF COMPETITIVE BID QUOTE(S)
USA WASTE SERVICES, INC.
Amended and Restated Revolving Credit Agreement
(the "Credit Agreement") dated as of March 5, 1997

Notice of Competitive Bid Quote(s) under Section 5.6
- ---

Date of Competitive Bid Quote(s)

Type of Competitive Bid Loans Requested LIBOR/Absolute
Requested Drawdown Date

We hereby accept the following Competitive Bid Quote(s):

Principal Amount of Quote	Interest Period(s)	Competitive Bid Rate/Competitive Bid Margin	Bank

We hereby reject the following Competitive Bid Quote(s):

Principal Amount of Quote	Interest Period(s)	Competitive Bid Rate/Competitive Bid Margin	Bank

The accepted and rejected Competitive Bid Quotes described above constitute all Competitive Bid Quotes submitted by the Banks in accordance with Section 5.5 of the Credit Agreement.

USA WASTE SERVICES, INC.

By: _____

Name: _____

Title: _____

_____

Date

EXHIBIT 11.1

USA WASTE SERVICES, INC.
COMPUTATION OF EARNINGS (LOSS)PER COMMON SHARE
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	For the years ended December 31,		
	1996	1995	1994
		(restated)	(restated)
PRIMARY			
Income (loss) available to common shareholders	$ 32,946,000	$ 52,488,000	($ 9,607,000)
Number of common shares outstanding	139,609,000	124,019,000	102,687,000
Effect of using weighted average common stock outstanding	(5,717,000)	(14,396,000)	(2,391,000)
Common stock equivalents (1)	5,848,000	3,656,000	3,126,000
Total	139,740,000	113,279,000	103,422,000
Earnings (loss) per common share	$ 0.24	$ 0.46	($ 0.09)
FULLY DILUTED			
Net income (loss)	$ 32,946,000	$ 52,488,000	($ 9,607,000)
Plus interest on convertible subordinated debentures, net of taxes (2)	--	--	--
Fully-diluted net income (loss)	$ 32,946,000	$ 52,488,000	($ 9,607,000)
Number of common shares outstanding	139,609,000	124,019,000	102,687,000
Effect of using weighted average common stock outstanding	(5,717,000)	(14,396,000)	(2,391,000)
Common stock equivalents (1)	6,041,000	3,707,000	3,955,000
Convertible subordinated debentures (2)	--	--	--
Total	139,933,000	113,330,000	104,251,000
Earnings (loss) per common share	$ 0.24	$ 0.46	($ 0.09)

(1) Common stock equivalents were determined based on the treasury stock method as set forth in Accounting Principles Board Opinion No. 15 ("APB No. 15"). Common stock equivalents are anti-dilutive in 1994 since there is a net loss that year, however, such amounts were not removed from the calculation as the amounts were not material.

(2) In accordance with APB No. 15, if the exercise price is greater than the average market price or ending market price, convertible subordinated debentures are not considered in fully diluted earnings per common share. Although the exercise prices of the outstanding convertible subordinated debentures are less than the market prices during the relevant periods, the ratio of convertible subordinated debentures interest, net of taxes, to convertible subordinated debentures shares is anti-dilutive for all periods shown, and is therefore excluded from the fully diluted earnings per common

share calculation.

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT
(@ 12/31/96)

692612 ALBERTA LTD. (CN)
AMADOR COUNTY ENVIRONMENTAL SERVICES, INC. (CA)
ART-JO CO.(NJ)
AUTOMATED RECYCLING TECHNOLOGIES, INC. (NJ)*
BDC SERVICES, INC. (CA)
BIG DIPPER ENTERPRISES, INC. (ND)
dba "Dakota Landfill"
BIG DISPOSAL COMPANY, INC. (CA)
BRAZORIA COUNTY RECYCLING CENTER, INC. (TX)
dba "BCRC"
dba "Brazoria County Landfill"
dba "WRS Transfer Station"
BREVARD COUNTY LANDFILL CO. LLC (DE)
CANADIAN WASTE SERVICES INC. (CN)
dba "Quebec Waste Services"
dba "St. Nicephore Landfill"
CANADIAN WASTE SERVICES OF ONTARIO INC. (CN)
dba "Blenheim Landfill"
dba "Brantford Hauling"
dba "Conwaste Transfer Station"
dba "Haldimand-Norfolk MRF"
dba "Hamilton Transfer Station"
dba "London Hauling"
dba "Mississauga Transfer Station"
dba "Petrolia Landfill"
dba "Petrolia MRF"
dba "Richmond Hill"
dba "Sarnia Hauling"
dba "St. Catherine's Hauling & Transfer Station"
CHAMBERS DEVELOPMENT COMPANY, INC. (DE)
dba "North Huntingdon Hauling"
dba "Monroeville Landfill"
CDC SERVICES, INC. (FKA SECURITY BUREAU, INC.) (DE)
CHAMBERS DEVELOPMENT OF OHIO, INC. (OH)
CHAMBERS DEVELOPMENT OF VIRGINIA, INC. (VA)
dba "Charles City County Landfill"
dba "Newport News Recycling"
dba "Newport News Transfer Station"
dba "Norfolk Hauling"
dba "Richmond Hauling"
dba "USA Waste of Virginia"
CHAMBERS ENERGY, INC. (VA)
(fka Chambers Maplewood Landfill, Inc.)
dba "Amelia Landfill"
dba "Maplewood Landfill"
dba "USA Waste of Virginia"
OLD DOMINION RECYCLING SERVICES, INC. (VA)
dba "Old Dominion"
dba "Old Dominion Transfer Station"
CHAMBERS ENTERPRISES, INC. (PA)
(fka Underground Tank Services, Inc.)
CHAMBERS EUROPE BV (___)
CHAMBERS INTERNATIONAL, INC. (DE)
CHAMBERS LAUREL HIGHLANDS LANDFILL, INC. (PA)
dba "Laurel Highlands Landfill"
CHAMBERS MEDICAL TECHNOLOGIES, INC. (PA - 04/26/91)

CHAMBERS MEDICAL TECHNOLOGIES OF SOUTH CAROLINA, INC. (SC) [Inactive]
CHAMBERS OF DELAWARE, INC. (DE)
CHAMBERS OF GEORGIA, INC. (GA)
dba "Atlanta Hauling"
dba "Atlanta Landfill"
dba "Cedartown Hauling"
dba "USA Waste Atlanta Landfill"
dba "USA Waste of Georgia"
dba "USA Waste of Georgia - Cedartown"
dba "USA Waste of Georgia - Atlanta"
CHAMBERS CLEARVIEW ENVIRONMENTAL LANDFILL, INC. (MS)
dba "Clearview Environmental Landfill"
dba "USA Clearview Environmental Landfill"
CHAMBERS R & B LANDFILL, INC. (GA)
dba "R&B Landfill"
dba "USA Waste R&B Landfill"
CHAMBERS SMYRNA LANDFILL, INC. (GA)
dba "Smyrna Landfill"
dba "USA Waste Smyrna Landfill"
CHAMBERS OF ILLINOIS, INC. (IL)
CHAMBERS OF INDIANA, INC. (IN)
CHAMBERS OF MARYLAND, INC. (MD)
dba "Mountainview Landfill"
CHAMBERS OF MASSACHUSETTS, INC. (MA)
CHAMBERS OF MISSISSIPPI, INC. (MS)
dba "Lake Mississippi Hauling"
dba "USA Waste of Mississippi"
CHAMBERS OF NEW JERSEY, INC.. (NJ)
CHAMBERS WASTE SYSTEMS OF NEW JERSEY, INC. (NJ)
dba "Atlantic City Hauling"
dba "Bergen County Transfer Station"
MORRIS COUNTY TRANSFER STATION, INC. (NJ)
dba "MCTS"
dba "Mount Olive Transfer Station"
dba "Mt. Olive Transfer Station"
dba "Par Troy Transfer Station"
CHAMBERS OF PENNSYLVANIA, INC. (PA)
(fka Truman E. Horner, Inc.)
dba "Chambers of PA - Allentown"
dba "Lehigh Hauling"
dba "Lehigh Hauling (Allentown)"
dba "Mainline Sanitation Hauling"
dba "Portage Hauling"
dba "Truman Horner"
dba "USA Waste of Harrisburg"
CHAMBERS OF TENNESSEE, INC. (TN)
REMOTE LANDFILL SERVICES, INC. (TN)
dba "Remote Landfill"
THE H. SIENKNECHT CO. (TN)
CHAMBERS OF WEST VIRGINIA, INC. (WV)
LCS SERVICES, INC. (WV)
dba "LCS Landfill"
dba "North Mountain Landfill"
CHAMBERS RESOURCES, INC. (PA)
CHAMBERS SERVICES, INC. (DE)
CHAMBERS WASTE SYSTEMS OF CALIFORNIA, INC. (CA)
CHAMBERS WASTE SYSTEMS OF FLORIDA, INC. (FL)
dba "Chambers Okeechobee Landfill"
dba "Okeechobee Landfill"
CHAMBERS ORANGE COUNTY LANDFILL, INC. (FL)
dba "Orange County Landfill"
CHAMBERS WASTE SYSTEMS OF MISSISSIPPI, INC. (MS)
dba "Jackson Disposal Services"

dba "USA Waste of Mississippi"
CHAMBERS WASTE SYSTEMS OF NEW YORK, INC. (NY)

CHAMBERS WASTE SYSTEMS OF NORTH CAROLINA, INC. (NC)
dba "Charlotte Hauling"
dba "USA Waste of North Carolina"
dba "USA Waste Services of North Carolina"
CHAMBERS WASTE SYSTEMS OF OHIO, INC.(OH))
CHAMBERS WASTE SYSTEMS OF RHODE ISLAND, INC. (RI)
CHAMBERS WASTE SYSTEMS OF SOUTH CAROLINA, INC. (SC)
dba "Columbia Hauling"
dba "Fairfield County Transfer Station"
dba "Orangeburg Hauling"
dba "USA Waste of S.C. - Columbia Hauling"
dba "USA Waste of S.C. - Fairfield Transfer"
dba "USA Waste of S.C. - Orangeburg Division"
CHAMBERS OAKRIDGE LANDFILL, INC. (SC)
dba "Oakridge Landfill"
dba "USA Waste Oakridge Landfill"
CHAMBERS RICHLAND COUNTY LANDFILL, INC. (SC)
dba "Richland County Landfill"
dba "USA Waste Richland County Landfill"
CHAMBERS WASTE SYSTEMS OF TEXAS, INC. (TX)
DAUPHIN MEADOWS, INC. (PA)
(fka Fulkroad Landfill, Inc.)
dba "Dauphin Meadows Landfill"
RAIL-IT CORPORATION (IL)
RAIL-IT LIMITED PARTNERSHIP (IL/LP)
U.S. SERVICES CORPORATION (PA)
SOUTHERN ALLEGHENIES DISPOSAL SERVICES, INC. (PA)
dba "Altoona Transfer Station"
dba "Johnstown Hauling"
dba "Southern Alleghenies Landfill"
U.S. UTILITIES SERVICES CORP. (PA)
WILLIAM H. MARTIN, INC. (PA)
dba "Arden Landfill"
dba "Martins Hauling"
dba "Washington Hauling"
dba "William H. Martin Hauling"
CLEANSOILS FAIRLESS HILLS INC. (MN)
COCHRAN MILL ASSOCIATES, INC. (PA)
ELLESOR, INC. (NJ)
EMPIRE SANITARY LANDFILL, INC. (PA)
ENVIROFIL, INC. (DE)
BREM-AIR DISPOSAL, INC. (OR)
dba "Brem-Air Disposal"
JUAN DE FUCA CORRUGATED, LTD. (WA)
NORTH SOUND SANITATION, INC. (WA)
SOUTH SOUND SANITATION, INC. (WA)
ELLIS-SCOTT, INC. (MO)
dba "Ellis-Scott Landfill"
ENVIROFIL OF ILLINOIS, INC. (IL)
(fka LeRoy Brown & Sons, Inc.)
dba "Envirofil of Illinois Hauling"
dba "Envirofil of Illinois Landfill"
ENVIROFIL SERVICES, INC. (DE)
EVH CO. (DE)
EWA, INC. (DE)
dba "EWA"
ENVIRONMENTAL WASTE OF SKAGIT COUNTY, INC. (WA)
dba "Rural Skagit Sanitation"
STANWOOD CAMANO DISPOSAL, INC. (WA)
FORCEES, INC. (NJ)
dba "Forcees"

MEADOWBROOK CARTING CO., INC. (NJ)
MID-JERSEY DISPOSAL CO., INC. (NJ)
dba "Mid-Jersey Disposal"
dba "Mid-Jersey Disposal Co."

dba "Mid-Jersey Disposal Company"
OLYMPIC VIEW SANITARY LANDFILL, INC. (WA)
(fka Kitsap County Sanitary Landfill, Inc.)
dba "Olympic View Landfill"
QUALITY RECYCLING CO., INC. (NJ)
SACRAMENTO VALLEY ENVIRONMENTAL WASTE COMPANY (CA)
dba "SacVal Disposal"
STOCKTON SCAVENGERS ASSOCIATION (CA)
ENVIRONMENTAL ALTERNATIVES CONCEPTS, INC. (DE)
ENVIRONMENTAL RECYCLING AND DISPOSAL, INC. (CO)
FULTON SANITATION SERVICES, INC. (AR)
dba "Fulton Sanitation"
GORE SANITATION SERVICE LIMITED (CN)
GRAND CENTRAL REAL ESTATE COMPANY, INC. (PA)
GRAND CENTRAL SANITARY LANDFILL, INC. (PA)
GRAND CENTRAL SANITATION, INC. (PA)
GRAYSON REFUSE SERVICE, INC. (VA)
dba "Grayson Refuse Service"
JENNINGS ENVIRONMENTAL SERVICES, INC. (FL)
dba "Jennings Environmental"
LAND RECLAMATION COMPANY (IL)
MODERN SANITATION, INC.(TX)
(fka EDM Corporation)
dba "Modern Sanitation"
POCONO INDEPENDENT PAPERSTOCK CO., INC. (PA)
R.A.M. ENVIRONMENTAL SERVICES, INC. (AR)
RAZORBACK DISPOSAL, INC. (AR)
dba "Razorback Disposal"
YELL COUNTY LANDFILL, INC. (AR)
RIVIERA ACQUISITION CORPORATION (CA)
RIVIERA ACQUISITION CORPORATION (DE)
SAFETY RECYCLING COMPANY, INC. (NJ)
(fka Safety Disposal Company, Inc.)
SANIFILL, INC. (DE)
ACAVERDE HOLDIING COMPANY (CAYMAN ISLANDS)
BIOSOLIDS REUSE MANAGEMENT (Joint Venture)
CALIFORNIA ASBESTOS MONOFIL, INC. (CA)
dba "California Asbestos Monofil"
CAMPBELL WELLS CORPORATION (LA)
dba "Campbell Wells - Amelia (LTS)"
dba "Campbell Wells - Bateman Landfill"
dba "Campbell Wells - Bossier Landfill"
dba "Campbell Wells - Bourg Landfill"
dba "Campbell Wells - Corpus Christi Permitting"
dba "Campbell Wells - Equipment Excavation Co."
dba "Campbell Wells - Fourchon Clean "
dba "Campbell Wells - Fourchon Transfer Station"
dba "Campbell Wells - Fourchon Transfer Station (LTS)"
dba "Campbell Wells - Intercoastal Transfer Station"
dba "Campbell Wells - Jennings Landfill"
dba "Campbell Wells - Lacassiene No."
dba "Campbell Wells - Mobile Transfer Station"
dba "Campbell Wells - Morgan City"
dba "Campbell Wells - Morgan City Transfer Station"
dba "Campbell Wells - Norm Storage"
dba "Campbell Wells - Norm Equipment/Excavation"
dba "Campbell Wells - Now Equipment/Excavating"
dba "Campbell Wells - Remediation/Residual"
dba "Campbell Wells - Remediation/Turnkey"

dba "Campbell Wells - Sabine Pass Transfer Station"
dba "Campbell Wells - South Texas Landfill"
dba "Campbell Wells - Triangle Shell"
dba "Campbell Wells - Venice Transfer Station"
dba "Campbell Wells - "G. Chen/Camer
CAMPBELL WELLS, L.P. (PARTNERSHIP) (DE)

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CAMPBELL WELLS NORM CORPORATION (LA)
CAMPBELL WELLS NORM, L.P. (PARTNERSHIP) (DE)
NOW DISPOSAL HOLDING CO. (DE)
NOW DISPOSAL OPERATING CO. (DE)
CHADWICK ROAD LANDFILL, INC. (GA)
dba "Chadwick Road Landfill"
CITIZENS DISPOSAL, INC. (MI)
dba "Citizen's Disposal"
CITY DISPOSAL, INC. (CO)
CLARKSTON DISPOSAL, INC. (MI)
dba "Citizen's Hauling"
dba "Clarkston Disposal"
COUGAR HOLDINGS, INC. (TX)
dba "Cougar Landfill"
DELAWARE RECYCLABLE PRODUCTS, INC. (DE)
dba "Delaware Recyclable Products"
E.E. EQUIPMENT, INC. (OR)
EL COQUI WASTE DISPOSAL, INC. (PR)
dba "El Coqui de San Juan"
EC WASTE, INC. (PR)
Joint Venturer in EL COQUI DE SAN JUAN (JOINT VENTURE) (PR)
ENERGY RECLAMATION, INC. (OR)
EQUIPMENT CREDIT CORPORATION (KS)
GO OF WISCONSIN COMPANY (IL)
GRAND BLANC LANDFILL, INC. (MI)
HILLSBORO LANDFILL, INC. (OR)
dba "Hillsboro Landfill"
LANDFILL HOLDINGS, LTD. (CAYMAN ISLANDS)
LG INDUSTRIES, INC. (DC)
dba "LG Industries/Garnet of Maryland"
LG-GARNET OF MARYLAND JOINT VENTURE (MD)
LIQUID WASTE MANAGEMENT, INC. (CA)
dba "McKittrick Waste Treatment"
METROPOLITAN DISPOSAL AND RECYCLING CORPORATION (OR)
dba "Metropolitan Disposal"
dba "Metropolitan Disposal Corporation"
R.M. CASH & SONS, INC. (GA)
REDWOOD LANDFILL, INC. (DE)
dba "Redwood Landfill"
REMOTE LANDFILL SERVICES, INC. (TN)
RESIDUALS PROCESSING, INC. (CA)
dba "Canyon Recycling"
RIVERBEND LANDFILL CO., INC. (OR)
S & S ENVIRONMENTAL INC. (MI)
S-N-S RECYCLING INC. (MI)
dba "S-N-S Recycling"
SANIFILL CANADA, INC. (CN)
SANIFILL DE MEXICO (US), INC. (DE)
SANIFILL DE MEXICO, S.A. DE C.V. (MX)
ACAVERDE SERVICIOS, S.A. DE C.V. (MX)
ARRENDADORA DE EQUIPO RECOLECTOR E INMUEBLES, S.A. DE C.V. (MX)
CIUDAD LIMPIA, S.A. DE C.V. (MX)
RECOLECTORA DE DESECHOS DEL NORTE, S.A. DE C.V. (MX)
RECOLECTORA DE DESECHOS Y RESIDUOS KING KONG, S.A. DE C.V. (MX)
RECOLECTORA KING KONG, S.A. DE C.V. (MX)
ROLLENOS SANITARIOS SANIFILL, S.A. DE C.V. (MX)
SANIFILL FALCON DISPOSAL SERVICE, INC. (CA)

dba "Falcon Disposal Service"
dba "Falcon Disposal Service - Long Beach"
SANIFILL FOREST PRODUCTS, INC. (CA)
SANIFILL GP HOLDING COMPANY, INC. (DE)
General Partner of SANIFILL MANAGEMENT LP (TX)
SANIFILL LANDFILL OPERATIONS AND TRANSFER, INC. (TX)
dba "SLOTI C&D"
SAM HOUSTON RECYCLING CENTER, INC. (TX)

dba "Sam Houston Transfer"
SANIFILL LP HOLDING COMPANY, INC. (DE)
General Partner of SANIFILL MANAGEMENT LP (TX)
SANIFILL OF ARIZONA, INC. (AZ)
dba "Arizona Hauling"
dba "Citizens Hauling "
dba "Citizens Transfer Station"
dba "Deer Valley Landfill"
dba "Lone Cactus Landfill"
dba "Seventh Avenue Transfer Station"
AMERICAN GRADING, INC. (AZ)
COPPER STATE RECYCLING, INC. (AZ)
dba "Copper Mountain Landfill"
SOUTHERN SANITATION, INC. (CA)
dba "Southern Sanitation - Cocopah"
SANIFILL OF ARKANSAS, INC. (DE)
dba "Arkansas Recyclable Waste"
dba "Arkansas Recyclable Waste Transfer Station"
dba "ARW"
dba "Rolling Meadows Landfill"
SANIFILL OF CALIFORNIA, INC. (DE)
dba "Nu-Way Live Oak Landfill"
PACIFIC DISPOSAL, INC. (CA)
dba "Pacific Disposal"
SANIFILL OF COLORADO, INC. (DE)
dba "Best Trash"
dba "City Disposal"
dba "Front Range Landfill"
dba "Sanifill of Colorado"
SANIFILL OF FLORIDA HAULING, INC. (FL)
SANIFILL OF FLORIDA, INC. (FL)
dba "Orange Land"
dba "Orange Soil Cement"
dba "Orange Transportation Co."
dba "Orange Waste"
FRONTIER ENVIRONMENTAL, INC. (FL)
dba "Frontier Recycling"
SANIFILL OF GEORGIA, INC. (DE)
dba "Plant Atkinson Transfer Station"
dba "USA/Sanifill - Blue Ridge"
dba "USA/Sanifill - Hiawassee"
SANIFILL OF HAWAIII, INC. (DE)
dba "Kekaha Landfill"
SANIFILL OF IOWA, INC. (DE)
dba "Dickinson County Landfill"
SANIFILL OF MARYLAND, INC. (MD)
GARNET OF MARYLAND, INC. (MD)
dba "Annapolis Junction Transfer Station"
dba "LG Industries/Garnet of Maryland - DC"
PST RECLAMATION, INC. (MD)
dba "PST Reclamation"
dba "Doherty "
TAYLOR LAND RESOURCES, INC. (MD)
SANIFILL OF OHIO, INC. (DE)
dba "Ohio Hauling"

ENVIRONMENTAL RESTORATION CORP. (OH)
SANIFILL OF OKLAHOMA, INC. (OK)
dba "Clinton Transfer Station"
dba "Great Plains Landfill"
dba "Sanifill of Oklahoma"
dba "Sanifill of Oklahoma - Cordell"
dba "Weathorford Transfer Station"
SANIFILL OF OREGON, INC. (DE)
dba "Northern Wasco County Landfill"
MT. HOOD REFUSE REMOVAL, INC. (OR)

dba "Mt. Hood Refuse Removal"
dba "Sandy Transfer Station"
SANIFILL OF PENNSYLVANIA, INC. (DE)
dba "Pennsylvania Hauling"
dba "Sanifill of Pennsylvania"
PELLEGRENE ENTERPRISES, INC. (PA)
dba "Pellegrene Landfill"
SANIFILL OF SAN JUAN, INC. (PR)
Joint Venturer in EL COQUI DE SAN JUAN (Joint Venture) (PR)
SANIFILL OF TENNESSEE HAULING, INC. (TN)
dba "Nashville Hauling"
dba "Nashville Transfer Station"
dba "USA/Sanifill of Lewisburg"
dba "USA/Sanifill of Winchester"
SANIFILL OF TENNESSEE, INC. (DE)
dba "Cedar Ridge Landfill"
dba "Quail Hollow Landfill"
GARNET OF VIRGINIA, INC. (VA)
dba "Garnet of Virginia Landfill"
dba "King George"
SF, INC. (DE)
SOUTHERN SERVICES OF TN, LLC (TN)*
SANIFILL OF TEXAS HAULING, INC. (TX)
dba "Sam Houston Transfer Station"
BEN-SINGER, INC. (TX)
SANIFILL OF TEXAS, INC. (DE)
dba "Fairbanks Development"
dba "Hardy Development"
dba "Houston Greenbelt Development"
dba "Indian Paintbrush Landfill"
dba "Road Runner Landfill"
dba "Texas Landfill"
dba USA/Sanifill - Crawford Road"
dba "USA/Sanifill - Houston Area Maintenance"
dba "USA/Sanifill of Texas - East Belt"
dba "USA/Sanifill of Texas - South Belt"
dba "USA/Sanifill of Texas - West Belt"
dba "USA/Sanifill of Baytown"
dba "USA/Sanifill of Texas Hauling"
S & J LANDFILL LIMITED PARTNERSHIP (TX)
SANIFILL OF VIRGINIA, INC. (DE)
dba "Bethel Landfill"
dba "James City County Transfer Station"
dba "Qualla Road Landfill"
dba "Qualla Road Collection & Disposal"
dba TRPI"
SANIFILL OF WASHINGTON, INC. (WA)
dba "Graham Road Recycling & Disposal"
SANIFILL OF WISCONSIN, INC. (DE)
dba "Advance Services"
dba "Deer Track Park Landfill"
dba "Sanifill of Wisconsin"
CONTROL DESPERDICIOS SOLIDOS, INC. (MX)

SANIFILL/GENERAL PARTNER II CORPORATION (WI)
MOELLER DISPOSAL SERVICES, INC. (WI)
dba "Waukesha Transfer"
SANIFILL/PINE BLUFF LANDFILL, INC. (GA)
dba "Pine Bluff Landfill"
SANIFILL POWER CORPORATION (DE)
RECO VENTURES, L.P. (DE)
SANIFILL SOUTHERN ACQUISITION CORPORATION (KY)
SOUTHERN SANITATION, INC. (KY)
dba "Southern Sanitation - Kentucky"
SOUTHERN WASTE SERVICES, INC. (KY)
dba "Southern Waste Services"

SANIPAN INC. (CN)
SANITARY LANDFILL, INC. (PA)
SCHROEDER DISPOSAL, INC. (WI)
SOUTHERN SERVICES OF TN, L.P. (TN)*
SPRUCE RIDGE, INC. (MN)
dba "Spruce Ridge Landfill"
ELK RIVER LANDFILL, INC. (MN)
dba "Elk River Landfill"
SANIFILL OF MINNESOTA HAULING, INC. (MN)
dba "Burress Sanitation"
dba "Duke's Disposal"
dba "Kato Sanitation"
dba "Meeker County Transfer Station"
dba "West Side Collection"
HILGER TRANSFER, INC. (MN)
dba "Hilger Transfer"
NORTH HENNEPIN RECYCLING AND TRANSFER CORPORATION (MN)
dba "North Hennepin Transfer Station"
UNIVERSAL ASSURANCE CORPORATION (VT)
V.M. CROW & SONS, INC. (TX)
VERDE VALLE ADMINISTRACION, S.A. DE C.V. N/A (MX)
VINLAND ENTERPRISES, INC. (PA)
WEST VALLEY WASTE SERVICES, INC. (AZ)
SOIL REMEDIATION OF PHILADELPHIA, INC. (DE)
SOUTH HILLS DISPOSAL, INC. (PA)
dba "South Hills Disposal"
SUNRAY SERVICES, INC. (AR)
dba "Harrison Hauling"
dba "Houston Landfill"
dba "North County Landfill"
dba "Springdale Hauling"
dba "Sunray Services, Inc. Transfer Station (Joplin)"
dba "Sunray Services - Joplin"
dba "Sunray Services North County Landfill"
dba "Sunray Services of Texas, Inc."
dba "Sunray Services - Tontitown"
dba "Sunray Services Transfer Station"
dba "Tontitown Landfill"
THE ARNONI GROUP (PA)
U.S.A. WASTE OF FAIRLESS HILLS, INC. (DE)
UNITEC DISPOSAL INC. (CN)
dba "Unitec Landfill"
USA ILLINOIS NEWCO, INC. (IL)
CENTRAL ILLINOIS DISPOSAL, INC. (IL)
COUNTRYSIDE LANDFILL, INC. (IL)
(fka ARF Landfill)
dba "Countryside Landfill"
CRYSTAL LAKE DISPOSAL, INC. (DE)
LAKELAND PROPERTIES, INC. (IL)
USA PAPER PROCESSING, INC. (DE)
USA SOUTH HILLS LANDFILL, INC. (PA)

(fka M. C. Arnoni Co., Inc.)
dba "M.C. Arnoni Landfill"
USA WASTE HAULING OF PHILADELPHIA, INC. (DE)
dba "Kasper Brothers"
dba "Philadelphia Hauling & Transfer"
dba "Quick-Way"
dba "Quickway"
USA WASTE OF ARIZONA, INC. (AZ)
CUSTOM DISPOSAL SERVICE, INC. (AZ)
USA WASTE OF CALIFORNIA, INC. (DE)
(fka Mid-Valley Acquisition Corporation)
USA WASTE OF CONNECTICUT, INC. (DE)
dba "Connecticut Carting - Franklin"
dba "Connecticut Carting - Plainfield"

dba "Connecticut Carting - Waterford"
USA WASTE OF ILLINOIS, INC. (IL)
dba "Northshore Waste Control"
dba "USA Waste Services"
dba "USA Waste Services of Illinois - Crestwood"
USA WASTE OF INDIANA, INC. (IN)
dba "Liberty Disposal"
EARTHMOVERS, INC. (IN)
dba "Earthmovers Landfill"
LIBERTY LANDFILL, INC. (IN)
(fka Chambers Liberty Landfill, Inc.)
dba "Liberty Landfill"
USA WASTE OF NEW YORK CITY, INC. (DE)
dba "USA Waste of New York City"
USA WASTE OF OKLAHOMA, INC. (OK)
dba "Moore Transfer Station"
dba "Norman Transfer Station"
dba "Oklahoma Collection"
dba "Pinecrest Landfill"
dba "Pinecrest Sanitary Landfill"
USA WASTE OF TEXAS, INC. (TX)
dba "ECD Waste Services"
dba "Ellis County Landfill"
dba USA Waste of Dallas/Ft. Worth"
dba USA Waste of Ft. Worth"
USA WASTE OF SAN ANTONIO, INC. (TX)
(fka Mission Disposal, Inc.)
dba "USA Waste of San Antonio"
USA WASTE SERVICES OF HOUSTON, INC. (TX)
(fka Best Pak Disposal, Inc.)
dba "Best-Pak"
dba "USA Waste of Houston"
dba "USA Waste Transfer Station"
USA WASTE SERVICES - HICKORY HILLS, INC. (DE)
USA WASTE SERVICES KANSAS LANDFILLS, INC. (DE)
USA WASTE SERVICES NORTH CAROLINA LANDFILLS, INC. (DE)
dba "USA Waste of North Carolina"
dba "USA Waste Services of North Carolina"
USA WASTE SERVICES OF ALABAMA, INC. (AL)
USA WASTE SERVICES OF EASTERN PA., INC. (PA)
(fka Danella Environmental Technologies, Inc. - N/C
USA WASTE SERVICES OF KANSAS, INC. (DE)
USA WASTE SERVICES OF MASSACHUSETTS, INC. (MA)
USA WASTE SERVICES OF NYC, INC. (DE)
dba "USA Waste of New York City"
HARLEM RIVER YARD TRANSFER, L.L.C. (NY)*
USA WASTE SERVICES OF WESTERN ILLINOIS, INC. (DE)
dba "Western Illinois Disposal"
USA WASTE TRANSFER OF PHILADELPHIA, INC. (PA)

dba "Girard Point Transfer Station"
dba "Philadelphia Hauling & Transfer"
WASTE DISPOSAL SPECIALIST, INC. (CO)
WASTE RECOVERY CORPORATION (OH)
dba "WRC"
WEST VIRGINIA WASTE SERVICES, INC. (WV)
WASTE INDUSTRIES (CA)
dba "Blue Barrel Disposal"
dba "Carson Transfer Station"
dba "Chino Basin Compost"
dba "Fresno Transfer Station"
dba "Redondo Recycling"
dba "Western Waste/USA"
dba "Western Waste Industries - Cocoa"
dba "Western Waste Industries - Denver"
dba "Western Waste Industries - Orlando"

dba "Western Waste Industries - Shreveport"
dba "Western Waste Industries SMART Station"
dba "Western Waste Industries Tire Center"
dba "Western Waste/USA - Pasadena"
dba "Western Waste/USA - Texarkana"
dba "Western Waste/USA Conroe Landfill"
dba "Western Waste/USA New Boston Landfill"
dba "Western Waste/USA Processing Facility"
SANTA CLARA VALLEY REFUSE REMOVAL CO. (CA)
SUNSET SANITATION SERVICE (CA)
dba "Sunset Sanitation Service"
dba "Sunset Sanitation Service - Fresno"
dba "Sunset Sanitation Service - Visalia"
WESTERN WASTE INDUSTRIES OF FLORIDA, INC. (FL)
dba "Western Waste/USA"
WHITE BROS. TRUCKING COMPANY (NJ)
dba "White Bros. Trucking"
dba "White Bros. Trucking - East Orange"
dba "White Bros. Trucking - Livingston"
dba "White Bros. Trucking - Newark"
dba "White Bros. Trucking - Passaic"
WPP, INC. (OH)

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of USA Waste Services, Inc. on Form S-3 (File Nos. 33-42988, 33-43809, 33-76226, 33-85018, 333-00097, 333-08573, 333-17421, 333-17453, and 333-21035), on Form S-4 (File Nos. 33-77110, 33-59259, 33-60103, 33-63981, 333-02181, 333-08161, and 333-14109), and on Form S-8 (File Nos. 33-43619, 33-72436, 33-84988, 33-84990, 33-59807, 33-61621, 33-61625, 33-61627, 333-14115, and 333-14613), of our report dated March 21, 1997, on our audits of the consolidated financial statements as of December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995, and 1994, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Houston, Texas
March 27, 1997

Exhibit 24.1

FORM 10-K LIMITED POWER OF ATTORNEY

USA WASTE SERVICES, INC.

KNOW ALL MEN BY THESE PRESENTS that, the undersigned director or officer of USA Waste Services, Inc., a Delaware corporation, does hereby make, constitute and appoint Earl E. DeFrates and Gregory T. Sangalis and each of them acting individually, his true and lawful attorney with power to act without the other and with full power of substitution, to execute, deliver and file, for and on his behalf, and in his name and in his capacity or capacities as aforesaid, the Company's annual report on Form 10-K for the year ended December 31, 1996 for filing with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and any and all amendments thereto or other documents in support thereof or supplemental thereto, hereby granting to said attorneys and each of them full power and authority to do and perform each and every act and thing whatsoever as said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally or in the capacity or capacities as aforesaid, hereby ratifying and confirming all acts and things which said attorney or attorneys may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 11th day of March, 1997

/s/ JOHN E. DRURY

John E. Drury

/s/ RALPH F. COX

Ralph F. Cox

/s/ RICHARD J. HECKMANN

Richard J. Heckmann

/s/ LARRY J. MARTIN

Larry J. Martin

/s/ WILLIAM E. MOFFETT

William E. Moffett

/s/ DONALD F. MOOREHEAD

Donald F. Moorehead

/s/ RODNEY R. PROTO

Rodney R. Proto

/s/ ALEXANDER W. RANGOS

Alexander W. Rangos

/s/ JOHN G. RANGOS, SR.

John G. Rangos, Sr.

/s/ KOSTI SHIRVANIAN

Kosti Shirvanian

/s/ DAVID SUTHERLAND-YOEST

David Sutherland-Yoest

/s/ SAVEY TUFENKIAN

Savey Tufenkian

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF USA WASTE SERVICES, INC. FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>

<PERIOD-TYPE>	12-MOS	
<FISCAL-YEAR-END>		DEC-31-1996
<PERIOD-START>		JAN-01-1996
<PERIOD-END>		DEC-31-1996
<CASH>		23,511,000
<SECURITIES>		0
<RECEIVABLES>		224,464,000
<ALLOWANCES>		(14,426,000)
<INVENTORY>		0
<CURRENT-ASSETS>		339,981,000
<PP&E>		2,383,136,000
<DEPRECIATION>		(572,888,000)
<TOTAL-ASSETS>		2,830,505,000
<CURRENT-LIABILITIES>		319,961,000
<BONDS>		1,187,000,000
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		1,396,000
<OTHER-SE>		1,153,880,000
<TOTAL-LIABILITY-AND-EQUITY>		2,830,505,000
<SALES>		1,313,388,000
<TOTAL-REVENUES>		1,313,388,000
<CGS>		704,917,000
<TOTAL-COSTS>		1,203,080,000
<OTHER-EXPENSES>		(13,327,000)
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		45,547,000
<INCOME-PRETAX>		78,088,000
<INCOME-TAX>		45,142,000
<INCOME-CONTINUING>		32,946,000
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		32,946,000
<EPS-PRIMARY>		.024
<EPS-DILUTED>		.024