

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

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
(State or other jurisdiction of
incorporation or organization)

73-1309529
(I.R.S. Employer
Identification No.)

1001 FANNIN
SUITE 4000
HOUSTON, TEXAS 77002
(Address of principal executive offices)

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

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 No

The number of shares of Common Stock, \$.01 par value, of the Registrant
outstanding at May 8, 1998, was 220,156,013.

=====

USA WASTE SERVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PAR VALUE AMOUNTS)
(UNAUDITED)

ASSETS

	March 31, 1998	December 31, 1997
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 46,260	\$ 51,241
Accounts receivable, net	468,619	442,347
Notes and other receivables	56,321	56,361
Deferred income taxes	46,196	52,592
Prepaid expenses and other	58,891	52,845
	-----	-----
Total current assets	676,287	655,386
Notes and other receivables	22,951	32,386
Property and equipment, net	4,601,573	3,955,008
Excess of cost over net assets of acquired businesses, net	1,905,285	1,539,927
Other intangible assets, net	126,526	106,058
Other assets	256,783	334,080
	-----	-----
Total assets	\$ 7,589,405	\$ 6,622,845
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 196,735	\$ 237,176
Accrued liabilities	185,631	228,771
Deferred revenues	69,484	63,417
Current maturities of long-term debt	46,527	39,286
	-----	-----
Total current liabilities	498,377	568,650
Long-term debt, less current maturities	3,584,887	2,724,443
Deferred income taxes	323,320	320,439
Closure, post-closure, and other liabilities	407,699	380,337
	-----	-----
Total liabilities	4,814,283	3,993,869
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, \$.01 par value; 500,000,000 shares authorized; 219,811,065 and 217,805,496 shares issued, respectively	2,198	2,178
Additional paid-in capital	2,436,447	2,392,797
Retained earnings	374,459	253,497
Accumulated other comprehensive income	(37,498)	(19,012)
Less treasury stock at cost, 23,485 shares	(484)	(484)
	-----	-----
Total stockholders' equity	2,775,122	2,628,976
	-----	-----
Total liabilities and stockholders' equity	\$ 7,589,405	\$ 6,622,845
	=====	=====

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

USA WASTE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended March 31,	
	1998	1997
		(restated)
Operating revenues	\$ 769,440	\$ 460,484
Costs and expenses:		
Operating (exclusive of depreciation and amortization shown below)	397,492	241,318
General and administrative	81,916	53,677
Depreciation and amortization	86,110	56,178
Merger costs	--	1,996
	565,518	353,169
Income from operations	203,922	107,315
Other income (expense):		
Interest expense	(38,368)	(16,098)
Interest and other income, net	36,050	5,699
	(2,318)	(10,399)
Income before income taxes	201,604	96,916
Provision for income taxes	80,642	38,954
Net income	\$ 120,962	\$ 57,962
	=====	=====
Basic earnings per common share	\$ 0.55	\$ 0.30
	=====	=====
Diluted earnings per common share	\$ 0.52	\$ 0.29
	=====	=====
Weighted average number of common shares outstanding	219,201	191,125
	=====	=====
Weighted average number of common and dilutive potential common shares outstanding	244,250	214,405
	=====	=====

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

USA WASTE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock
	-----	-----	-----	-----	-----	-----
Balance, December 31, 1997	\$ --	\$ 2,178	\$2,392,797	\$ 253,497	\$ (19,012)	\$ (484)
Common stock options and warrants exercised, including tax benefits	--	11	18,651	--	--	--
Common stock issued in business combinations and development projects	--	9	24,896	--	--	--
Foreign currency translation adjustment	--	--	--	--	(18,486)	--
Other	--	--	103	--	--	--
Net income	--	--	--	120,962	--	--
	-----	-----	-----	-----	-----	-----
Balance, March 31, 1998	\$ --	\$ 2,198	\$2,436,447	\$ 374,459	\$ (37,498)	\$ (484)
	=====	=====	=====	=====	=====	=====

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

USA WASTE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended March 31,	
	1998	1997
		(restated)
Cash flows from operating activities:		
Net income	\$ 120,962	\$ 57,962
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	86,110	56,178
Deferred income taxes	23,276	17,345
Gain on sale of assets	(940)	(447)
Equity in earnings of a partnership	(28,124)	--
Changes in assets and liabilities, net of effects of acquisitions and divestitures	(166,156)	(106,802)
Net cash provided by operating activities	35,128	24,236
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(864,434)	(586,053)
Capital expenditures	(105,600)	(78,241)
Proceeds from sale of assets	3,489	18,983
Proceeds from partnership distribution	80,000	--
Other	(1,012)	5,158
Net cash used in investing activities	(887,557)	(640,153)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,099,117	1,093,295
Principal payments on long-term debt	(262,170)	(921,931)
Net proceeds from issuance of common stock	--	506,348
Proceeds from exercise of common stock options and warrants	9,438	11,520
Other	1,024	(852)
Net cash provided by financing activities	847,409	688,380
Effect of exchange rate changes on cash and cash equivalents	39	850
Increase (decrease) in cash and cash equivalents	(4,981)	73,313
Cash and cash equivalents at beginning of period	51,241	26,079
Cash and cash equivalents at end of period	\$ 46,260	\$ 99,392

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The condensed consolidated balance sheets of USA Waste Services, Inc. and subsidiaries (the "Company") as of March 31, 1998 and December 31, 1997, the condensed consolidated statements of operations for the three months ended 1998 and 1997, the condensed consolidated statement of stockholders' equity for the three months ended March 31, 1998, and the condensed consolidated statements of cash flows for the three months ended March 31, 1998 and 1997 are unaudited. In the opinion of management, such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of financial position, results of operations, and cash flows for the periods presented. The Company has restated the previously issued financial statements for the three months ended March 31, 1997, to reflect its merger with United Waste Systems, Inc. ("United") consummated on August 26, 1997, accounted for using the pooling of interests method of accounting. The financial statements presented herein should be read in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

1. BUSINESS COMBINATIONS

On January 14, 1998, the Company acquired the solid waste divisions of City Management Holdings Trust ("City Management") for approximately \$810,000,000 consisting of cash, liabilities incurred and debt assumed. The businesses acquired are primarily located in the state of Michigan and include several collection operations, landfills, and transfer stations. This acquisition was accounted for using the purchase method of accounting.

In addition to the acquisition of City Management, during the three months ended March 31, 1998, the Company acquired 2 landfills, 32 collection businesses, and 8 transfer stations for approximately \$129,000,000 in cash, \$12,000,000 in liabilities incurred or debt assumed, and approximately 825,000 shares of the Company's common stock in business combinations accounted for using the purchase method of accounting.

The unaudited pro forma information set forth below assumes all acquisitions accounted for as purchases from January 1, 1997 through March 31, 1998, had occurred at the beginning of 1997. 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 purchase acquisitions been consummated at that time (in thousands, except per share amounts):

	Three Months Ended March 31,	
	1998	1997
Operating revenues	\$ 793,229	\$ 782,312
Net income	122,219	73,663
Basic earnings per common share	0.56	0.37
Diluted earnings per common share	0.52	0.35

2. LONG-TERM DEBT

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

	March 31, 1998	December 31, 1997
	-----	-----
Senior revolving credit facility	\$ 1,333,000	\$ 430,000
6 1/2% Senior notes due 2002, net of unamortized discount of \$2,169 and \$2,229	347,831	347,771
7% Senior notes due 2004, net of unamortized discount of \$2,307 and \$2,455	297,693	297,545
7 1/8% Senior notes due 2007, net of unamortized discount of \$2,796 and \$2,919	297,204	297,081
7 1/8% Senior notes due 2017, net of unamortized discount of \$1,488 and \$1,533	148,512	148,467
4% Convertible subordinated notes due 2002	535,275	535,275
4 1/2% Convertible subordinated notes due 2001	149,500	149,500
5% Convertible subordinated notes due 2006	115,000	115,000
Tax-exempt bonds, principal payable in periodic installments, maturing through 2021, fixed and variable interest rates ranging from 3.65% to 9.25% at March 31, 1998	263,545	265,355
Other	143,854	177,735
	-----	-----
	3,631,414	2,763,729
Less current maturities	46,527	39,286
	-----	-----
	\$ 3,584,887	\$ 2,724,443
	=====	=====

On August 7, 1997, the Company entered into a \$2,000,000,000 senior revolving credit facility with a consortium of banks (the "Credit Facility"). The Credit Facility is used for general corporate purposes and is available for standby letters of credit of up to \$650,000,000 and principal reductions are not required during its five-year term. The Credit Facility requires a facility fee not to exceed 0.30% per annum and loans under the Credit Facility bear interest at a rate based on the Eurodollar rate plus a spread not to exceed 0.575% per annum. At December 31, 1997, the Company had borrowed \$430,000,000 and had issued letters of credit of \$467,029,000 under the Credit Facility. The applicable interest rate and facility fee at December 31, 1997, was 6.1% and 0.1125% per annum, respectively. At March 31, 1998, the Company had borrowed \$1,333,000,000 and had issued letters of credit of \$483,261,000 under the Credit Facility. The applicable interest rate and facility fee was 5.92% and 0.1125%, respectively, at March 31, 1998.

3. INCOME TAXES

The difference in federal income taxes at the statutory rate and the provision for income taxes for the three months ended March 31, 1998 and 1997, is primarily due to state and local income taxes.

4. EARNINGS PER COMMON SHARE

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 is based on the weighted average number of common shares outstanding, replaces primary earnings per share. Diluted earnings per share, which is based on the weighted average number of common and dilutive potential common shares outstanding, replaces fully diluted earnings per share and 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 dilutive potential shares. SFAS No. 128 was effective for the Company for the year ended December 31, 1997, and required all prior-period earnings per share data to be restated to conform to its presentation. Accordingly, the Company has restated all previously reported earnings per share amounts.

Diluted earnings per common share for the three months ended March 31, 1998 and 1997, have been calculated assuming conversion of the Company's convertible subordinated notes and debentures, and therefore interest, net of taxes, of \$5,014,000 and \$3,696,000, respectively, has been added back to net income for this calculation.

The following reconciles the number of common shares outstanding to the weighted average number of common shares outstanding and the weighted average number of common and dilutive potential common shares outstanding for the purposes of calculating basic and dilutive earnings per common share, respectively (in thousands):

	Three Months Ended March 31,	
	1998	1997
Number of common shares outstanding	219,811	201,481
Effect of using weighted average common shares outstanding	(610)	(10,356)
Weighted average number of common shares outstanding	219,201	191,125
Dilutive effect of common stock options and warrants	3,754	7,157
Dilutive effect of convertible subordinated notes and debentures	21,295	16,123
Weighted average number of common and dilutive potential common shares outstanding	244,250	214,405

5. COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting and presentation of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. SFAS No. 130 is effective for the Company in 1998 and requires comparative disclosure for prior periods presented. Comprehensive income and its components for the three months ended March 31, 1998 and 1997 is as follows (in thousands):

	Three months Ended March 31,	
	1998	1997
Net income	\$ 120,962	\$ 57,962
Foreign currency translation adjustment	(18,486)	(70)
Comprehensive income	\$ 102,476	\$ 57,892

Accumulated other comprehensive income at March 31, 1998 and December 31, 1997, is comprised solely of foreign currency translation adjustments.

6. PARTNERSHIP INVESTMENT

In November 1997, the Company purchased for approximately \$97,000,000, a 49% limited partner interest in a partnership (the "Partnership") that was formed for the purpose of acquiring common stock of Waste Management in the open market. The Partnership purchased common stock of Waste Management during November 1997 and sold substantially all of such common stock in March 1998. Accordingly, the Company recorded other income of approximately \$28,100,000 (\$16,900,000 after tax, or \$0.07 per share on a diluted basis) for the three months ended March 31, 1998, for its equity in the earnings of the Partnership. Subsequent to March 31, 1998, the Partnership was dissolved.

7. COMMITMENTS AND CONTINGENCIES

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 - As of March 31, 1998, the Company or its subsidiaries has been notified that they are potentially responsible parties ("PRPs") in connection with six locations listed on the Superfund National Priorities List ("NPL"). None of the six NPL sites at which claims have been made against the Company are owned by the Company, and they are at different procedural stages under Superfund. At four of the NPL sites, the Company's liability is well defined as a consequence of a governmental decision as to the appropriate remedy. At the others, where investigations have not been completed, remedies not selected or responsible parties have been unable to reach agreement, the Company's liability is less certain. While the Company, based on its status reviews of its PRP claims, does not currently anticipate that the amount of such liabilities will have a material adverse effect on the Company's operations, financial condition or cash flows, the measurement of environmental liabilities is inherently difficult and the possibility remains that technological, regulatory or enforcement developments, the results of environmental studies, or other factors could materially alter this expectation at any time.

The Company and certain of its subsidiaries are parties 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 effect on the Company's financial position, results of operations or cash flows. 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 or other equipment.

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 \$300,000,000 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 and countries in which it has employees. The Company also currently has an environmental impairment liability ("EIL") insurance policy for certain of its landfills, transfer stations, and recycling facilities that provides coverage for property damages and/or bodily injuries to third parties caused by off-site pollution emanating from such landfills, transfer stations, or recycling facilities. This policy provides \$5,000,000 of coverage per loss with a \$10,000,000 aggregate limit.

To date, the Company has not experienced 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 on the Company's financial condition, results of operations or cash flows. 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.

8. NEW ACCOUNTING PRONOUNCEMENT

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS No. 131"). SFAS No. 131 establishes standards for reporting information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997. Adoption is not required for interim periods in the initial year of application. Adoption of this statement will not have a material impact on the consolidated financial statements of the Company.

9. SUBSEQUENT EVENTS

On May 6, 1998, the Company consummated a merger with TransAmerican Waste Industries, Inc. ("TransAmerican") accounted for as a pooling of interests, pursuant to which the Company issued approximately 1,975,000 shares of its common stock in exchange for all outstanding shares of TransAmerican and assumed approximately \$62,000,000 of TransAmerican's outstanding indebtedness. Periods prior to the consummation of this transaction will not be restated to include the accounts and operations of TransAmerican as the combined results would not be materially different from the results as presented. The businesses acquired include five collection operations, nine landfills, and two transfer stations located throughout the Southern region of the United States.

10. WASTE MANAGEMENT, INC.

On March 10, 1998, the Company entered into a definitive agreement and plan of merger pursuant to which a subsidiary of the Company will be merged with and into Waste Management, Inc. ("Waste Management") and Waste Management will become a wholly owned subsidiary of the Company (the "Merger"). As of the effective time of the Merger, each outstanding share of Waste Management, other than shares held in Waste Management's treasury or owned by Waste Management, the Company or any wholly owned subsidiaries of either of them, will be converted into the right to receive 0.725 of a share of the Company's Common Stock. Waste Management is a leading international provider of waste management and related services to governmental, residential, commercial and industrial customers in the United States and select international markets and had revenues in 1997 of approximately \$9,188,582,000. This transaction, which is expected to close during 1998, is subject to regulatory approval and approval of the stockholders of the Company and Waste Management. It is anticipated that the Company will issue approximately 345,000,000 shares of its common stock related to this transaction and that the Merger will be accounted for as a pooling of interests.

As part of the Merger, the Company's Board of Directors will be increased to 14 members, seven of whom will be designated by each of Waste Management's Board of Directors and the Company's Board of Directors. Additionally, upon consummation of the Merger, it is expected that the Company will change its name to "Waste Management, Inc." ("New Waste Management"). The Corporate headquarters of New Waste Management will be located in Houston, Texas, and John E. Drury, the Company's Chairman of the Board and Chief Executive Officer, will remain as Chief Executive Officer. It is also expected that Rodney R. Proto, the Company's President and Chief Operating Officer, and Earl E. DeFrates, the Company's Executive Vice President and Chief Financial Officer, will retain such positions with New Waste Management.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion reviews the Company's operations for the three months ended March 31, 1998 and 1997, and should be read in conjunction with the Company's Condensed Consolidated Financial Statements and related notes thereto included elsewhere herein as well as the Company's Consolidated Financial Statements and related notes thereto included in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

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 the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

INTRODUCTION

The Company provides nonhazardous solid waste management services, consisting of collection, transfer, disposal, recycling, and other miscellaneous services in various locations throughout the United States, Canada, and Puerto Rico. Since August 1990, the Company has experienced significant growth principally through the acquisition and integration of solid waste businesses and is currently the third largest nonhazardous solid waste management company in North America, as measured by revenues for the 1997 fiscal year. As of March 31, 1998, the Company owned or operated an extensive network of landfills, transfer stations, and collection operations serving in excess of eight million customers.

The Company's operating revenues consist primarily of fees charged for its collection and disposal services. Operating 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 operating revenues are recognized as services are actually provided. Fees for residential and municipal 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 operating 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 Condensed 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 amortized over the estimated useful life of a site as capacity is consumed, and include acquisition, engineering, upgrading, construction, capitalized interest, and permitting costs. All indirect development expenses, such as administrative salaries and general corporate overhead, are charged to expense 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.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, the period to period change in dollars (in thousands) and percentages for the various Condensed Consolidated Statement of Operations line items and for certain supplementary data.

	Period to Period Change for the Three Months Ended March 31, 1998 and 1997	
	----- \$	----- %
	-----	-----
STATEMENT OF OPERATIONS:		
Operating revenues	\$ 308,956	67.1%

Costs and expenses:		
Operating (exclusive of depreciation and amortization shown below)	156,174	64.7
General and administrative	28,239	52.6
Depreciation and amortization	29,932	53.3
Merger costs	(1,996)	(100.0)

	212,349	60.1

Income from operations	96,607	90.0

Other income (expense):		
Interest expense	(22,270)	(138.8)
Interest and other income, net	30,351	532.6

	8,081	77.7

Income before income taxes	104,688	108.0
Provision for income taxes	41,688	107.0

Net income	\$ 63,000	108.7%
	=====	
SUPPLEMENTARY DATA:		
EBITDA (1)	\$ 126,539	77.4%
	=====	

(1) EBITDA represents income from operations plus depreciation and amortization expense. EBITDA, which is not a measure of financial performance under generally accepted accounting principles, is provided because the Company understands that such information is used by certain investors when analyzing the financial position and performance of the Company.

The following table presents, for the periods indicated, the percentage relationship that the various Condensed Consolidated Statements of Operations line items and certain supplementary data bear to operating revenues:

	Three Months Ended March 31,	
	1998	1997
STATEMENT OF OPERATIONS:		
Operating revenues:		
Collection	64.0%	57.2%
Transfer	11.8	10.8
Disposal	21.0	26.6
Other	3.2	5.4
	-----	-----
	100.0	100.0
	-----	-----
Costs and expenses:		
Operating (exclusive of depreciation and amortization shown below)	51.7	52.4
General and administrative	10.6	11.7
Depreciation and amortization	11.2	12.2
Merger costs	--	0.4
	-----	-----
	73.5	76.7
	-----	-----
Income from operations	26.5	23.3
	-----	-----
Other income (expense):		
Interest expense	(5.0)	(3.5)
Interest and other income, net	4.7	1.3
	-----	-----
	(0.3)	(2.2)
	-----	-----
Income before income taxes	26.2	21.1
Provision for income taxes	10.5	8.5
	-----	-----
Net income	15.7%	12.6%
	=====	=====
 SUPPLEMENTARY DATA:		
EBITDA (1)	37.7%	35.5%
	=====	=====

(1) EBITDA represents income from operations plus depreciation and amortization expense. EBITDA, which is not a measure of financial performance under generally accepted accounting principles, is provided because the Company understands that such information is used by certain investors when analyzing the financial position and performance of the Company.

Operating Revenues

Operating revenues for the three months ended March 31, 1998, increased \$308,956,000, or 67.1%, as compared to the corresponding prior year period. This increase was primarily attributable to the effect of acquisitions of domestic and Canadian solid waste businesses and the internal growth of comparable operations. Acquisitions of domestic solid waste businesses consummated during 1998 and the effect of such acquisitions consummated during 1997 accounted for increases in operating revenues of \$253,800,000, or 55.1%. Acquisitions consummated during 1998 and the effect of such acquisitions consummated during 1997 of Canadian solid waste businesses accounted for increases in operating revenues of \$77,000,000, or 16.7%. Internal growth of comparable operations resulted in increases in operating revenues of \$40,154,000, or 8.7%, comprised of 5.6% due to volume increases and 3.1% due to price increases. Slightly offsetting the increase in operating revenues by approximately \$4,800,000, or 1%, was the effect of the foreign currency translation differences between the US and Canadian dollars. The remaining decrease in operating revenues was primarily the result of dispositions during 1997 of certain non-core businesses and certain non-strategically located solid waste businesses.

The Company's one line of business, integrated nonhazardous solid waste management, encompasses the entire waste stream from collection to transfer station to landfill. As a percentage of total operating revenues, the Company's mix between collection, transfer station, and landfill, reflects an increase in collection revenues from 57.2% to 64.0% and a decrease in disposal revenues from 26.6% to 21.0% for the three months ended March 31, 1997 and 1998, respectively. This change is primarily the result of acquisitions consummated during 1997 with large collections operations and includes the Canadian solid waste businesses of Allied Waste Industries, Inc. and Waste Management, Inc. ("Waste Management") acquired in March 1997 and June 1997, respectively.

As a result of the Company's large investments in Canadian solid waste businesses during 1997, operating revenues from foreign operations have increased significantly as a percentage of total operating revenues from the three months ended March 31, 1997, to the three months ended March 31, 1998. This increase was slightly offset by the Company's contribution during 1997 of the net book value of its Mexico operations to a non-public solid waste entity focusing on Mexico's solid waste market in exchange for a 37.5% interest in that entity. The following table summarizes for these periods the Company's operating revenues by geographic area and the percentage relationship of operating revenues by geographic area to total operating revenues (dollars in thousands):

	Three Months Ended March 31,			
	1998		1997	
United States and Puerto Rico	\$676,555	87.9%	\$429,051	93.2%
Canada	92,885	12.1	28,772	6.2
Mexico	--	--	2,661	0.6
Total operating revenues	\$769,440	100.0%	\$460,484	100.0%

Operating Costs and Expenses (Exclusive of Depreciation and Amortization Shown Below)

Operating costs and expenses increased \$156,174,000, or 64.7%, for the three months ended March 31, 1998, as compared to the corresponding prior year period, primarily due to the increase in operating revenues described above. However, as a percentage of operating revenues, operating costs and expenses decreased from 52.4% to 51.7% for the three months ended March 31, 1997 and 1998, respectively. This decrease reflects operating synergies realized from the Company's 1997 and 1998 tuck-in acquisition activity and its merger with United Waste Systems, Inc. ("United") in August 1997. Additionally, this decrease also reflects cost reductions realized from the Company's efforts to increase its utilization of internal disposal capacity, which improved from 50% for the three months ended March 31, 1997, to 55% for the three months ended March 31, 1998. The improvement in operating costs and expenses as a percentage of operating revenues was slightly offset by the change in the mix of operating revenues as collection operations typically have higher operating costs and lower margin returns than disposal operations.

General and Administrative

General and administrative expenses increased \$28,239,000, or 52.6%, for the three months ended March 31, 1998, as compared to the corresponding prior year period, however have these costs decreased as a percentage of operating revenues from 11.7% to 10.6%, respectively. This improvement in general and administrative expenses as a percentage of operating revenues is primarily the result of the Company's ability to integrate acquisitions of solid waste businesses without a proportionate increase in general and administrative expenses as well as cost reductions resulting from the Company's merger with United in August 1997.

Depreciation and Amortization

Depreciation and amortization expense increased \$29,932,000, or 53.3%, for the three months ended March 31, 1998, as compared to the prior year period. This increase is primarily due to the effect of acquisitions of solid waste businesses during 1997 and 1998, an increase in landfill volumes from 100,500 to 144,000 average tons per day for the three months ended March 31, 1997 and 1998, respectively, and upgrades to existing operations. However, the incremental depreciation and amortization due to the improved utilization of internal disposal capacity was offset by the improved utilization of equipment through internal growth in collection and disposal operations.

Merger Costs

In the first quarter of 1997, the Company recorded expenses of \$1,996,000 related to the acquisition of certain of solid waste businesses accounted for as poolings of interests.

Income from Operations

Income from operations increased \$96,607,000, or 90.0%, for the three months ended March 31, 1998, as compared to the respective prior year period due to reasons discussed above. As a percentage of operating revenues, income from operations increased from 23.3% to 26.5%. This improvement was primarily the result of economies of scale realized by the Company from recent mergers and acquisitions, increased utilization of internal disposal capacity, and improvements in comparable operations.

Other Income and Expenses

Other income and expenses consists of interest expense, interest income, and other income. Interest expense, gross of amounts capitalized, increased due to the Company's outstanding indebtedness. Interest capitalized was \$6,306,000 and \$5,814,000 for the three months ended March 31, 1998 and 1997, respectively. The increase in capitalized interest is primarily due to development activity at disposal sites acquired during 1997 and the three months ended March 31, 1998. Included in other income for the three months ended March 31, 1998, was approximately \$28,100,000 (\$16,900,000 after tax or \$0.07 per share on a diluted basis), representing the Company's equity in earnings of a partnership formed in 1997 for the purpose of acquiring common stock of Waste Management in the open market.

Provision for Income Taxes

The Company recorded a provision for income taxes of \$80,642,000 and \$38,954,000 for the three months ended March 31, 1998 and 1997, respectively. The primary difference in the provision for income taxes at the federal statutory rate and the recorded amount for the periods indicated is due to state and local income taxes.

Net Income

Net income was \$120,962,000 and \$57,962,000, or \$0.52 and \$0.29 per share on a diluted basis, for the three months ended March 31, 1998 and 1997, respectively. Excluding of the Company's equity in earnings of a partnership discussed above, diluted earnings per common share was \$0.45 for the three months ended March 31, 1998.

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 March 31, 1998, the Company had working capital of \$177,910,000 (a ratio of current assets to current liabilities of 1.36:1) and a cash balance of \$46,260,000 which compares to working capital of \$86,736,000 (a ratio of current assets to current liabilities of 1.15:1) and a cash balance of \$51,241,000 as of December 31, 1997. For the three months ended March 31, 1998, net cash from operating activities was approximately \$35,128,000 and net cash from financing activities was approximately \$847,409,000, as compared to \$24,236,000 and \$688,380,000, respectively, for the corresponding prior year period. Net cash from operating activities and financing activities was primarily used to fund acquisitions of businesses of \$864,434,000 and \$586,053,000 and for capital expenditures of \$105,600,000 and \$78,241,000 for the three months ended March 31, 1998 and 1997, respectively. For the three months ended March 31, 1998, net cash flows from investing activities also included a cash distribution of approximately \$80,000,000 from a partnership, of which the Company owned a 49% interest, that was formed for the purpose of acquiring common stock of Waste Management in the open market (see "Recent Developments").

In general, the Company's capital expenditures and working capital requirements have increased reflecting the Company's business strategy of growth through acquisitions and development projects. The Company intends to finance the remainder of its 1998 capital expenditures through internally generated cash flow and amounts available under its senior revolving credit facility.

SIGNIFICANT FINANCING EVENTS

On August 7, 1997, the Company entered into a \$2,000,000,000 senior revolving credit facility with a consortium of banks (the "Credit Facility"). The Credit Facility is used for general corporate purposes and is available for standby letters of credit of up to \$650,000,000 and principal reductions are not required during its five-year term. The Credit Facility requires a facility fee not to exceed 0.30% per annum and loans under the Credit Facility bear interest at a rate based on the Eurodollar rate plus a spread not to exceed 0.575% per annum. At December 31, 1997, the Company had borrowed \$430,000,000 and had issued letters of credit of \$467,029,000 under the Credit Facility. The applicable interest rate and facility fee at December 31, 1997, was 6.1% and 0.1125% per annum, respectively. At March 31, 1998, the Company had borrowed \$1,333,000,000 and had issued letters of credit of \$483,261,000 under the Credit Facility. The applicable interest rate and facility fee was 5.92% and 0.1125%, respectively, at March 31, 1998.

On May 8, 1998, the Company filed a universal shelf registration statement with the Securities and Exchange Commission to provide for the issuance of up to \$2,000,000,000 of either debt or equity securities, or a combination thereof, to be used for general corporate purposes.

ACQUISITION ACTIVITY FOR THE THREE MONTHS ENDED MARCH 31, 1998

On January 14, 1998, the Company acquired the solid waste divisions of City Management Holding Trust ("City Management") for approximately \$810,000,000 consisting of cash, liabilities incurred and debt assumed. The businesses acquired are primarily located in the state of Michigan and include several collection operations, landfills, and transfer stations. This acquisition was accounted for using the purchase method of accounting.

In addition to the acquisition of City Management, during the three months ended March 31, 1998, the Company acquired 2 landfills, 32 collection businesses, and 8 transfer stations for approximately \$129,000,000 in cash, \$12,000,000 in liabilities incurred or debt assumed, and approximately 825,000 shares of the Company's common stock in business combinations accounted for as purchases during the three months ended March 31, 1998.

RECENT DEVELOPMENTS

On May 6, 1998, the Company consummated a merger with TransAmerican Waste Industries, Inc. ("TransAmerican") accounted for as a pooling of interests, pursuant to which the Company issued approximately 1,975,000 shares of its common stock in exchange for all outstanding shares of TransAmerican and assumed approximately \$62,000,000 of TransAmerican's outstanding indebtedness. Periods prior to the consummation of this transaction will not be restated to include the accounts and operations of TransAmerican as the combined results would not be materially different from the results as presented. The businesses acquired include five collection operations, nine landfills, and two transfer stations located throughout the Southern region of the United States.

The Company entered into a definitive agreement on February 6, 1998, with American Waste Systems, Inc. ("American"), to acquire American's solid waste businesses for approximately \$150,000,000 in cash. This transaction, which is subject to regulatory approval and approval of American's shareholders, is expected to close in the first half of 1998. The businesses to be acquired include three landfills and one collection operation located in Ohio.

On March 10, 1998, the Company entered into a definitive agreement and plan of merger pursuant to which a subsidiary of the Company will be merged with and into Waste Management, and Waste Management will become a wholly owned subsidiary of the Company (the "Merger"). As of the effective time of the Merger, each outstanding share of Waste Management, other than shares held in Waste Management's treasury or owned by Waste Management, the Company or any wholly owned subsidiaries of either of them, will be converted into the right to receive 0.725 of a share of the Company's Common Stock. Waste Management is a leading international provider of waste management and related services to governmental, residential, commercial and industrial customers in the United States and select international markets and had revenues in 1997 of approximately \$9,188,582,000. This transaction, which is expected to close during 1998, is subject to regulatory approval and approval of the stockholders of the Company and Waste Management. It is anticipated that the Company will issue approximately 345,000,000 shares of its common stock related to this transaction and that the Merger will be accounted for as a pooling of interests.

As part of the Merger, the Company's Board of Directors will be increased to 14 members, seven of whom will be designated by each of Waste Management's Board of Directors and the Company's Board of Directors. Additionally, upon consummation of the Merger, it is expected that the Company will change its name to "Waste Management, Inc." ("New Waste Management"). The Corporate headquarters of New Waste Management will be located in Houston, Texas, and John E. Drury, the Company's Chairman of the Board and Chief Executive Officer, will remain as Chief Executive Officer. It is also expected that Rodney R. Proto, the Company's President and Chief Operating Officer, and Earl E. DeFrates, the Company's Executive Vice President and Chief Financial Officer, will retain such positions with New Waste Management.

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.

On August 4, 1997, the Company filed a shelf registration statement with the Securities and Exchange Commission to provide for the issuance of up to 20,000,000 shares of the Company's common stock that may be offered and issued by the Company from time to time in connection with the acquisition directly or indirectly by the Company of other businesses or properties or interests therein, and which may be reserved for issuance

pursuant to, or offered and issued upon exercise or conversion of, warrants, options, convertible notes, or other similar instruments issued by the Company from time to time in connection with such acquisitions. As of April 30, 1998, the Company had approximately 17,400,000 shares of its common stock available for future offerings and issuances under this shelf registration statement.

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 and 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 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.

YEAR 2000 DATE CONVERSION

In 1997, the Company began to modify its computer information systems to ensure proper processing of transactions relating to the year 2000 and beyond and expects to complete the required modifications during 1998. The amount charged to expense in the three months ended March 31, 1998 and 1997, as well as the amounts anticipated to be charged to expense during the remainder of 1998 related to the year 2000 computer compliance modifications, have not been and are not expected to be material to the Company's financial position, results of operations or cash flows.

NEW ACCOUNTING PRONOUNCEMENT

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS No. 131"). SFAS No. 131 establishes standards for reporting information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997. Adoption is not required for interim periods in the initial year of application. Adoption of this statement will not have a material impact on the consolidated financial statements of the Company.

PART II.

ITEM 1. LEGAL PROCEEDINGS.

As of March 31, 1998, the Company or its subsidiaries has been notified that they are potentially responsible parties ("PRPs") in connection with six locations listed on the Superfund National Priorities List ("NPL"). None of the six NPL sites at which claims have been made against the Company are owned by the Company, and they are at different procedural stages under Superfund. At four of the NPL sites, the Company's liability is well defined as a consequence of a governmental decision as to the appropriate remedy. At the others, where investigations have not been completed, remedies not selected or responsible parties have been unable to reach agreement, the Company's liability is less certain. While the Company, based on its status reviews of its PRP claims, does not currently anticipate that the amount of such liabilities will have a material adverse effect on the Company's operations, financial condition or cash flows, the measurement of environmental liabilities is inherently difficult and the possibility remains that technological, regulatory or enforcement developments, the results of environmental studies, or other factors could materially alter this expectation at any time.

The Company and certain of its subsidiaries are parties 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 effect on the Company's financial position, results of operations or cash flows. 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 judgment for violation of an 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. The Company is also subject from time to time to claims for personal injury or property damage arising out of accidents involving its vehicles or other equipment.

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

No matters were submitted to the stockholders of the Company during the first quarter of 1998.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

EXHIBIT NO. *	DESCRIPTION
-----	-----
10.1	Amended and Restated Revolving Credit Agreement dated as of August 7, 1997, among the Registrant, Bank of America National Trust and Savings Association, Morgan Guaranty Trust Company of New York and other financial institutions [Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K dated August 26, 1997].
10.2	First Amendment dated as of March 6, 1998, to Amended and Restated Revolving Credit Agreement, among the Registrant, Bank of America National Trust and Savings Association, Morgan Guaranty Trust Company of New York and other financial institutions.
10.3	Bridge Loan Agreement dated as of January 21, 1998, among the Registrant, Morgan Guaranty Trust Company of New York and other financial institutions.
10.4	First Amendment dated March 6, 1998, to Bridge Loan Agreement, among the Registrant, Morgan Guaranty Trust Company of New York and other financial institutions.
10.5	Credit Agreement dated January 22, 1998, among the Registrant, Bank of America National Trust and Savings Association and various financial institutions.

12	Computation of Ratio of Earnings to Fixed Charges.
27	Financial Data Schedule.

* In the case of incorporation by reference to documents filed under the Securities and Exchange Act of 1934, the Registrant's file number under that Act is 1-12154.

(b) Reports on Form 8-K:

A report on Form 8-K dated March 10, 1998, was filed by the Company on March 12, 1998, regarding the Company's Agreement and Plan of Merger with Waste Management, Inc. and related press release.

SIGNATURES

Pursuant to the requirements 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/ EARL E. DEFRATES

Earl E. DeFrates,
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ BRUCE E. SNYDER

Bruce E. Snyder,
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: May 15, 1998

INDEX TO EXHIBITS

Exhibit No. *	Description
10.1	Amended and Restated Revolving Credit Agreement dated as of August 7, 1997, among the Registrant, Bank of America National Trust and Savings Association, Morgan Guaranty Trust Company of New York and other financial institutions [Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K dated August 26, 1997].
10.2	First Amendment dated as of March 6, 1998, to Amended and Restated Revolving Credit Agreement, among the Registrant, Bank of America National Trust and Savings Association, Morgan Guaranty Trust Company of New York and other financial institutions.
10.3	Bridge Loan Agreement dated as of January 21, 1998, among the Registrant, Morgan Guaranty Trust Company of New York and other financial institutions.
10.4	First Amendment dated March 6, 1998, to Bridge Loan Agreement, among the Registrant, Morgan Guaranty Trust Company of New York and other financial institutions.
10.5	Credit Agreement dated January 22, 1998, among the Registrant, Bank of America National Trust and Savings Association and various financial institutions.
12	Computation of Ratio of Earnings to Fixed Charges.
27	Financial Data Schedule.

* In the case of incorporation by reference to documents filed under the Securities and Exchange Act of 1934, the Registrant's file number under that Act is 1-12154.

FIRST AMENDMENT
TO AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT is made and entered into as of March 6, 1998 (this "Amendment") by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Borrower"), THE GUARANTORS, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association ("BOA"), MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York state banking association (in its individual capacity, "MGT"), and each of the other financial institutions party to the Credit Agreement defined below (collectively with BOA and MGT, the "Banks"), and MGT as administrative and documentation agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

WHEREAS, the Borrower, the Guarantors, the Banks, and the Agents have entered into that certain Amended and Restated Revolving Credit Agreement, dated as of August 7, 1997 (as amended and in effect from time to time, the "Credit Agreement"), pursuant to which the Banks have extended credit to the Borrower on the terms set forth therein;

WHEREAS, the Banks, the Agents, the Guarantors, and the Borrower have agreed to amend the Credit Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. AMENDMENT TO Section 9.2. Section 9.2 of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

Section 9.2. DEBT TO TOTAL CAPITALIZATION. The ratio of Funded Debt to Consolidated Total Capitalization shall not at any time exceed (a) 0.62:1 from March 6, 1998 through December 31, 1998 or (b) 0.58:1 thereafter.

Section 2. NO EVENT OF DEFAULT. The Borrower represents and warrants to the Agents and the Banks that no Default or Event of Default has occurred and is continuing.

Section 3. EFFECTIVENESS. This Amendment shall become effective upon its execution and delivery by the Borrower, the Guarantors, and the Majority Banks (the "Effective Date").

Section 4. RATIFICATION, ETC. Except as expressly amended hereby, the Credit Agreement, the other Loan Documents and all documents, instruments and agreements related thereto are hereby ratified and confirmed in all respects and shall continue in full force and effect. This Amendment and the Credit Agreement shall hereafter be read and construed together as a single document, and all references in the Credit Agreement, any other Loan Document or any agreement or instrument related to the Credit Agreement shall hereafter refer to the Credit Agreement as amended by this Amendment.

Section 5. COUNTERPARTS. This Amendment may be executed in any number of counterparts, which together shall constitute one instrument.

Section 6. GOVERNING LAW. THIS AMENDMENT SHALL BE A CONTRACT UNDER THE LAWS OF THE STATE OF NEW YORK, SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF SAID JURISDICTION, WITHOUT REFERENCE TO CONFLICTS OF LAW, AND IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as an instrument under seal to be effective as of the date first above written.

THE BORROWER AND GUARANTORS:

USA WASTE SERVICES, INC.

By: /s/ RONALD H. JONES

Name: Ronald H. Jones
Title: Vice President & Treasurer

SANIFILL, INC.

By: /s/ RONALD H. JONES

Name: Ronald H. Jones
Title: Vice President & Treasurer

UNITED WASTE SYSTEMS, INC.

By: /s/ RONALD H. JONES

Name: Ronald H. Jones
Title: Vice President & Treasurer

THE BANKS AND AGENTS:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,
individually and as Administrative Agent

By: /s/ CHRISTOPHER C. KUNHARDT

Christopher C. Kunhardt
Vice President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By: /s/ ROBERT P. ROSPIERSKI

Name: Robert P. Rospierski
Title: Managing Director

ABU DHABI INTERNATIONAL BANK

By: /s/ NAGY S. KOLTA

Name: Nagy S. Kolta
Title: Senior Vice President

By: /s/ MICHAEL L. YOUNG

Name: Michael L. Young
Title: Executive Vice President

ABN AMRO BANK, N.A.

By: /s/ LAURIE C. TUZO

Name: Laurie C. Tuzo
Title: Group Vice President

By: /s/ ERIC R. HOLLINGSWORTH

Name: Eric R. Hollingsworth
Title: Assistant Vice President

BANCA COMMERCIALE ITALIANA, LOS
ANGELES FOREIGN BRANCH

By: /s/ RICHARD E. IWANICKI

Name: Richard E. Iwanicki
Title: Vice President

By: /s/ E. BOMBIERI

Name: E. Bombieri
Title: Vice President & Manager

BANK AUSTRIA AKTIENGESELLSCHAFT

By: /s/ JEANINE B. LONG

Name: Jeanine B. Long
Title: Vice President

By: /s/ J.D. SEARY

Name: J.D. Seary
Title: Vice President

BANKBOSTON, N.A.

By: /s/ ARTHUR J. OBERHEIM

Name: Arthur J. Oberheim
Title: Vice President

BANK OF MONTREAL

By: /s/ LEON H. SINCLAIR

Name: Leon H. Sinclair
Title: Director

BANQUE NATIONALE DE PARIS

By: /s/ MIKE STRYOCK

Name: Mike Stryock
Title: Vice President

THE BANK OF NEW YORK

By: /s/ ALAN F. LYSTER, JR.

Name: Alan F. Lyster, Jr.
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ M.D. SMITH

Name: M.D. Smith
Title: Agent Operations

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: /s/ J. MEARNS

Name: J. Mearns
Title: Vice President & Manager

BANK ONE, TEXAS, N.A.

By: /s/ PETE CAREY

Name: Pete Carey
Title: Vice President

BANQUE PARIBAS

By: /s/ LARRY ROBINSON

Name: Larry Robinson
Title: Vice President

By: /s/ SUSAN C. BAKER

Name: Susan C. Baker
Title: Vice President

COMERICA BANK

By: /s/ REGINALD M. GOLDSMITH, III

Name: Reginald M. Goldsmith, III
Title: Vice President

CIBC INC.

By: /s/ TIMOTHY DOYLE

Name: Timothy Doyle
Title: Managing Director

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ ROBERT IVOSEVICH

Name: Robert Ivosevich
Title: Senior Vice President

THE DAI-ICHI KANGYO BANK, LTD.

By: /s/ MASAAKI ISHIKURA

Name: Masaaki Ishikura
Title: Vice President

DEUTSCHE BANK AG, NEW YORK
AND/OR CAYMAN ISLANDS BRANCHES

By: /s/ JEAN M. HANNIGAN

Name: Jean M. Hannigan
Title: Vice President

By: /s/ SUSAN L. PEARSON

Name: Susan L. Pearson
Title: Vice President

DG BANK

By: /s/ MARK K. CONNELLY

Name: Mark K. Connelly
Title: Vice President

By: /s/ TREVOR H. BROOKES

Name: Trevor H. Brookes
Title: Assistant Vice President

THE FIRST NATIONAL BANK OF MARYLAND

By: /s/ ANDREW W. FISH

Name: Andrew W. Fish
Title: Vice President

FLEET BANK, N.A.

By: /s/ CHRISTOPHER J. MAYROSE

Name: Christopher J. Mayrose
Title: Vice President

THE FUJI BANK, LIMITED, HOUSTON
AGENCY

By: /s/ NATE ELLIS

Name: Nate Ellis
Title: Vice President & Manager

HIBERNIA NATIONAL BANK

By: /s/ TROY J. VILLAFARRA

Name: Troy J. Villafarra
Title: Vice President

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY

By: /s/ KAZUTOSHI KUWAHARA

Name: Kazutoshi Kuwahara
Title: Executive Vice President

KREDIETBANK, N.V.

By: /s/ ROBERT SNAUFFER

Name: Robert Snauffer
Title: Vice President

By: /s/ TOD R. ANGUS

Name: Tod R. Angus
Title: Vice President

THE MITSUBISHI TRUST AND BANKING
CORPORATION

By: /s/ HACHIRO HOSODA

Name: Hachiro Hosoda
Title: Deputy General Manager

PNC BANK, NATIONAL ASSOCIATION

By: /s/ PHILIP K. LIEBSCHER

Name: Philip K. Liebscher
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ GORDON MACARTHUR

Name: Gordon MacArthur
Title: Manager

THE SANWA BANK LIMITED

By: /s/ MATTHEW G. PATRICK

Name: Matthew G. Patrick
Title: Vice President

THE SUMITOMO BANK OF CALIFORNIA

By: /s/ SHUJI ITO

Name: Shuji Ito
Title: Vice President

THE SUMITOMO BANK, LIMITED

By: /s/ WILLIAM R. MCKOWN III

Name: William R. McKown III
Title: Vice President and Manager

THE SUMITOMO TRUST & BANKING
CO., LTD., LOS ANGELES AGENCY

By: /s/ ELEANOR CHAN

Name: Eleanor Chan
Title: Manager & Vice President

SUNTRUST BANK, ATLANTA

By: JOHN A. FIELDS, JR.

Name: John A. Fields, Jr.
Title: Vice President

By: /s/ STEVEN J. NEWBY

Name: Steven J. Newby
Title: Corporate Banking Officer

CHASE BANK OF TEXAS, N.A.

By: /s/ MICHAEL ONDEUCH

Name: Michael Ondeuch
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ NEVA NESBITT

Name: Neva Nesbitt
Title: Vice President

WACHOVIA BANK, N.A.

By: /s/ STEVEN M. TAKEI

Name: Steven M. Takei
Title: Senior Vice President

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION

By: /s/ NIPUL V. PATEL

Name: Nipul V. Patel
Title: Relationship Manager

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: /s/ RICHARD R. NEWMAN

Name: Richard R. Newman
Title: Vice President

By: /s/ JAMES VENEAM

Name: James Veneam
Title: Analyst

BRIDGE LOAN AGREEMENT

This BRIDGE LOAN AGREEMENT (this "Agreement") is made as of January 21, 1998, by and among USA WASTE SERVICES, INC. (the "Borrower"), a Delaware corporation having its principal place of business at 1001 Fannin Street, First City Tower, Suite 4000, Houston, Texas 77002, and MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("Morgan"), a New York state banking association having its principal place of business at 60 Wall Street, New York, New York 10260 (the "Agent's Head Office") and each of the other financial institutions party hereto (collectively, the "Banks"), and Morgan as agent for the Banks (the "Agent").

Section 1.1 DEFINITIONS. The following terms shall have the following meanings:

Accountants. See Section 23.4(a).

Affected Bank. See Section 19(a).

Agent's Head Office. See preamble.

Agreement. See preamble.

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

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

Applicable Requirements. See Section 23.10.

Assignment and Acceptance. See Section 34.

Average Quarterly Utilization Amount. See Section 20(c).

Balance Sheet Date. December 31, 1996.

Banks. See preamble.

Base Rate. The higher of (a) the annual rate of interest announced from time to time by the Agent at the Agent's 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 Agent) or (b) one percent (1%) above the Overnight Federal Funds Effective Rate.

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

Borrower. See preamble.

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 Eurodollar Loan, a Eurodollar Business Day.

Capitalized Leases. Leases under which the Borrower 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.

CERCLA. See Section 22.15(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 23.4(b).

City Management. The "Companies" as set forth in Schedule A to the City Management Acquisition Agreement.

City Management Acquisition. The acquisition of City Management by the Borrower, pursuant to the terms of the City Management Acquisition Agreement.

City Management Acquisition Agreement. The Stock Purchase Agreement, dated as of December 9, 1997, among the Borrower, City Management Holdings Trust, Anthony L. Soave, the corporations listed on Schedule A thereto, and the Trust under Indenture Dated August 26, 1997, between Anthony L. Soave, as Donor, and Anthony L. Soave and Yale Levin, as Trustees.

City Management Acquisition Documents. The City Management Acquisition Agreement and all other material agreements and documents required to be entered into or delivered pursuant to such agreement or in connection with the City Management Acquisition, each in the form delivered to the Agent prior to the Closing Date.

Closing Date. The date on which the conditions precedent set forth in Section 26 hereof are satisfied.

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

Commitment. With respect to each Bank, such Bank's commitment to make Loans to the Borrower, determined by multiplying such Bank's Line Percentage by the Line, as the Line may be reduced hereunder.

Consolidated or consolidated. With reference to any term defined herein, shall mean that term as applied to the accounts of the Borrower 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 Borrower and its Subsidiaries on a consolidated basis plus the sum of (1) interest expense, (2) income taxes, (3) up to \$50,000,000 in pooling charges actually incurred with respect to the United Merger, taken as a special charge in the quarter ending September 30, 1997, (4) up to \$6,200,000 related to prepayment penalties in connection with the Prudential Private Placement Debt and (5) up to \$4,000,000 related to prepayment penalties in connection with the United Senior Secured Notes 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 extraordinary gains from tax credits occurring in any quarter commencing with the quarter ending December 31, 1996.

Consolidated Net Income (or Deficit). The consolidated net income (or deficit) of the Borrower 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 Borrower 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 Borrower 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 Borrower or its Subsidiaries resulting from a revaluation thereof subsequent to the Balance Sheet Date.

Consolidated Total Assets. All assets of the Borrower 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 Borrower and its Subsidiaries outstanding during all or any part of such period, including capitalized interest expense for such period.

Credit Agreement. That certain Amended and Restated Revolving Credit Agreement dated as of August 7, 1997 by and among the Borrower, the Guarantors, Bank of America National Trust and Savings Association, a national banking association, Morgan, the other financial institutions party thereto and Morgan as administrative agent and documentation agent.

Default. See Section 28.1.

Defaulting Bank. See Section 19(a).

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.

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

Drawdown Date. The date on which any Loan is made or is to be made, and the date on which any Loan is converted or continued in accordance with Section 5.

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

Employee Benefit Plan. Any employee benefit plan within the meaning of Section 3(3) of ERISA maintained or contributed to by the Borrower, any of its Subsidiaries, or any ERISA Affiliate, other than a Multiemployer Plan.

Environmental Laws. See Section 22.15(a).

EPA. See Section 22.15(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 Borrower 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 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. The office of any Bank that shall be making or maintaining Eurodollar Loans.

Eurodollar Loans. 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 rate per annum at which the Agent's Eurodollar Lending Office is offered Dollar deposits at approximately 10:00 a.m. (New York time) two (2) 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 the Agent 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).

Event of Default. See Section 28.1.

Facility Fee. See Section 20(b).

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

generally accepted accounting principles or GAAP. (i) When used in Section 25, 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 Borrower 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 Borrower 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 Pension Plan. Any employee pension benefit plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower, 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. Those parties referred to as "Guarantors" under the Credit Agreement.

Hazardous Substances. See Section 22.15(b).

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; provided that if a Permitted Receivables Transaction is outstanding and is accounted for as a sale of accounts receivable under generally accepted accounting principles, Indebtedness determined as aforesaid shall be adjusted to include the additional Indebtedness, determined on a consolidated basis, which would have been outstanding had such Permitted Receivables Transaction been accounted for as a borrowing.

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 Borrower in accordance with this Agreement (i) for any Base Rate Loan the first day of the month; and (ii) for any Eurodollar Loan, 1, 2, 3 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 Borrower 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, 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.

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.

Line. See Section 2(a).

Line Percentage. With respect to each Bank the percentage set forth on Schedule 1.

Loan. Any loan made or to be made to the Borrower pursuant to Section 2 hereof.

Loan Request. See Section 2(b).

Loan Documents. This Agreement, the Notes, 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.

Majority Banks. The Banks whose Line Percentages equal fifty-one percent (51%); provided that in the event that the Line 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. The earliest of (a) December 31, 1998, (b) the date after January 1, 1998 on which the Borrower closes on any bond and/or equity offering or series of bond offerings which raises net proceeds in the aggregate in excess of \$300 million or (c) such other date on which all Loans may become due and payable pursuant to the terms hereof.

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 Borrower, any of its Subsidiaries, or any ERISA Affiliate.

New Lending Office. See Section 9(c).

Non U.S. Bank. See Section 9(b).

Notes. See Section 3.

Obligations. All indebtedness, obligations and liabilities of the Borrower to any of the Banks and the Agent arising or incurred under this Agreement or any other Loan Documents or in respect of any of the Loans made under this Agreement or any other Loan Documents 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.

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 24.2.

Permitted Receivables Transaction. Any sale or sales of, and/or securitization of, any accounts receivable of the Borrower and/or any of its Subsidiaries (the "Receivables") pursuant to which (a) the Borrower and its Subsidiaries realize aggregate net proceeds of not more than \$150,000,000 at any one time outstanding, including, without limitation, any revolving purchase(s) of Receivables where the maximum aggregate uncollected purchase price (exclusive of any deferred purchase price) for such Receivables at any time outstanding does not exceed \$150,000,000, and (b) which Receivables shall not be discounted more than 25%.

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.

[remainder of page left intentionally blank]

Pricing Table:

LEVEL	SENIOR PUBLIC DEBT RATING	APPLICABLE FACILITY RATE (PER ANNUM)	APPLICABLE EURODOLLAR RATE (PER ANNUM)
1	At least A- by Standard & Poor's or at least A3 by Moody's	0.0600%	Eurodollar Rate plus 0.1650%
2	At least BBB+ by Standard & Poor's or at least Baa1 by Moody's	0.0800%	Eurodollar Rate plus 0.1950%
3	At least BBB by Standard & Poor's or at least Baa2 by Moody's	0.0900%	Eurodollar Rate plus 0.2600%
4	At least BBB- by Standard & Poor's or at least Baa3 by Moody's	0.1250%	Eurodollar Rate plus 0.3250%
5	At least BB+ by Standard & Poor's or at least Ba1 by Moody's	0.2000%	Eurodollar Rate plus 0.5500%
6	If no other level applies	0.2500%	Eurodollar Rate plus 0.6250%

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

RCRA. See Section 22.15(a).

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

Release. Shall have the meaning specified in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 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. 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 Borrower's or any of its Subsidiaries' activities in that state, province, territory or political subdivision.

Replacement Bank. See Section 19(a).

Replacement Notice. See Section 19(a).

Sanifill. Sanifill, Inc., a Delaware corporation having its chief executive office at 1001 Fannin Street, First City Tower, Suite 4000, Houston, Texas 77002.

Sanifill Convertible Subordinated Debt. 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 August 7, 1997, provided, that the Obligations shall be "Senior Indebtedness" thereunder.

Senior Public Debt Rating. The rating(s) of the Borrower'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 Borrower; provided that until such time as the Borrower receives such rating(s) on such public unsecured long-term senior debt or this credit facility, the Borrower'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.

United. United Waste Systems, Inc., a Delaware corporation having its chief executive office at Four Greenwich Office Park, Greenwich, Connecticut 06830.

United Indenture. That certain indenture dated as of June 5, 1996 between United and Bankers Trust Company, as trustee, in the principal amount of \$150,000,000 due June 1, 2001.

United Merger. The merger of United and Riviera Acquisition Corporation, a Subsidiary of the Borrower, pursuant to the terms of the United Merger Agreement.

United Merger Agreement. The Agreement and Plan of Merger dated as of April 13, 1997 by and among United, the Borrower and Riviera Acquisition Corporation.

United Senior Secured Notes. That certain Secured Note Agreement among United and the purchasers listed in the schedule attached thereto dated as of September 1, 1995 in the principal amount of \$75,000,000 due September 1, 2005.

Utilization Fee. See Section 20(c).

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. REVOLVING CREDIT FACILITY.

(a) Upon the terms and pursuant to the conditions of this Agreement, each of the Banks severally agrees to make available to the Borrower upon request such Bank's Line Percentage of an unsecured revolving line of credit not to exceed Three Hundred Million Dollars (\$300,000,000) (the "Line"). Notwithstanding any other provision hereof, the Line shall terminate automatically and without necessity of any demand or other action by the Agent and the Banks on the Maturity Date. Subject to all of the foregoing, any extension of credit under the Line shall be subject to the terms and conditions set forth below.

(b) The Borrower shall give to the Agent written notice in the form of Exhibit A hereto (or telephonic notice confirmed in writing or a facsimile in the form of Exhibit A hereto) of each Loan requested hereunder (a "Loan Request") not later than 11:00 a.m. (New York time) on the proposed Drawdown Date (in the case of Base Rate Loans) and 11:00 a.m. (New York time) three (3) Eurodollar Business Days prior to the proposed Drawdown Date (in the case of Eurodollar Loans) of the principal amount of such Loan (which shall be in a minimum amount of \$10,000,000). Each such Loan Request (which shall be irrevocable) shall specify the principal amount of the loan requested, whether such Loan is requested as a Base Rate Loan or a Eurodollar Loan, the proposed Drawdown Date of such Loan and, in the case of Eurodollar Loans, the Interest Period relating thereto. Each Loan Request shall constitute a representation and warranty by the Borrower that the conditions set forth in Section 26 and Section 27, as the case may be, have been satisfied on the date of such request. Loan requests made hereunder shall be irrevocable and binding on the Borrower, and shall obligate the Borrower to accept the Loan requested from the Banks on the proposed Drawdown Date.

(c) Each of the representations and warranties made by the Borrower to the Banks or the Agent 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 Borrower on and as of the date of the submission of a Loan Request and on and as of the Drawdown Date of any Loan (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 Borrower and its Subsidiaries as a whole, or (iii) that such representations and warranties expressly relate only to an earlier date).

(d) The Borrower shall have the right at any time and from time to time upon three (3) Business Days' prior written notice to the Agent to reduce by \$25,000,000 or a greater amount or terminate entirely, the Line, whereupon each Bank's Commitment shall be reduced pro rata in accordance with such Bank's Line Percentage of the amount specified in such notice or, as the case may be, terminated, provided that at no time may (i) the Line be reduced to an amount less than the sum of all Loans then outstanding. No reduction or termination of the Line once made may be revoked; the portion of the Line reduced or terminated may not be reinstated; and

amounts in respect of such reduced or terminated portion may not be reborrowed. The Agent will notify the Banks promptly after receiving any notice delivered by the Borrower pursuant to this Section 2(d) and will distribute to each Bank a revised Schedule 1 to this Agreement.

(e) The Agent shall promptly notify each Bank of each Loan Request received by the 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.

Section 3. THE NOTES. The Loans shall be evidenced by separate promissory notes of the Borrower in substantially the form of Exhibit B attached hereto (each, a "Note"), dated as of the date hereof and completed with the appropriate insertions. One Note shall be payable to the order of each Bank in an amount equal to its Line Percentage times the Line, and shall represent the obligation of the Borrower to pay such Bank such principal amount or, if less, the outstanding principal amount of all Loans made by such Bank, plus interest accrued thereon, as set forth herein. The Borrower irrevocably authorizes each Bank, to make or cause to be made, in connection with a Drawdown Date of any Loan or at the time of receipt of any payment of principal or interest, an appropriate notation on its records reflecting the making of the Loan or the receipt of such payment (as the case may be). The outstanding amount of the Loans set forth on such Bank's record 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 Borrower hereunder to make payments of principal or interest when due.

Section 4. INTEREST. The outstanding principal amount of the Loans shall bear interest (to the extent permitted by applicable law) at the rate per annum equal to the Base Rate on Base Rate Loans or the Applicable Eurodollar Rate on Eurodollar Loans. Interest shall be payable (a) monthly in arrears on the first Business Day of each month, commencing April 1, 1998, on Base Rate Loans, (b) 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 (c) on the Maturity Date for all Loans. 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, and 12 U.S.C. Section 85, as amended).

Section 5. ELECTION OF EURODOLLAR RATE.

(a) At the Borrower's option, so long as no Default or Event of Default has occurred and is then continuing, the Borrower may (i) elect to convert any Base

Rate Loan or a portion thereof to a Eurodollar Loan, (ii) at the time of any 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 Borrower gives notice to the Agent pursuant to Section 5(b) hereof. Upon determining any Eurodollar Rate, the Agent shall forthwith provide notice thereof to the Borrower and the Banks, and such notice shall be considered prima facie evidence binding upon the Borrower, 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 Borrower shall give written, telex or facsimile notice received by the Agent not later than 11:00 a.m. (New York time) of its election pursuant to Section 5(a). Each such notice (which shall be irrevocable and binding) shall specify the amount of the Loans to be borrowed or maintained as or converted to Eurodollar Loans and the duration of the proposed Interest Period relating thereto (which must be 1, 2, 3 or 6 months). If the Borrower shall fail to give the Agent notice of its election hereunder together with all of the other information required hereunder, whether at the end of an Interest Period or otherwise, such Loan shall be deemed a Base Rate Loan. The Agent shall promptly notify the Banks in writing (or by telephone confirmed in writing or by facsimile) of such election.

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

(d) No conversion of Loans pursuant to this Section 5 may result in Eurodollar Loans that are less than \$5,000,000. In no event shall the Borrower 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 16 hereof, if any affected Bank demands compensation under Section 13(c) or (d) with respect to any Eurodollar Loan, the Borrower may at any time, upon at least three (3) Business Days' prior written notice to the Agent, elect to convert such Eurodollar Loan into a Base Rate Loan (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 Agent that the circumstances giving rise to the demand for compensation under Section 13(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. Once the affected Bank notifies the Agent that such circumstances no longer exist, the Borrower 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 6. FUNDS FOR LOANS. Not later than 1:00 p.m. (New York time) on the proposed Drawdown Date, each of the Banks will make available to the Agent, at the Agent's Head Office, in immediately available funds, the amount of its Line Percentage of the amount of the requested Loan. Upon receipt from each Bank of such amount,

and upon satisfaction of the other conditions set forth herein, the Agent will make available to the Borrower the aggregate amount of such Loans made available by the Banks. The failure or refusal of any Bank to make available to the Agent at the aforesaid time and place on any Drawdown Date the amount of its Line Percentage of the requested Loan shall not relieve any other Bank from its several obligations hereunder to make available to the Agent the amount of such Bank's Line Percentage of any requested Loan.

Section 7. MATURITY OF THE LOANS. The Loans shall be due and payable on the Maturity Date. The Borrower promises to pay on the Maturity Date all Loans, together with any and all accrued and unpaid interest thereon and any fees and other amounts owing hereunder.

Section 8. OPTIONAL PREPAYMENTS OR REPAYMENTS OF LOANS. Subject to the terms and conditions of hereunder (including, without limitation, Section 16) , the Borrower shall have the right, at its 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 Borrower shall give the Agent, no later than 11:00 a.m. (New York time) on the proposed date of prepayment or repayment of any Base Rate Loans, and no later than 11:00 a.m. (New York Time) one (1) Eurodollar Business Day prior to the proposed date of prepayment or repayment of any Eurodollar Rate Loans, written notice (or telephonic notice confirmed in writing or by facsimile) of any proposed prepayment or repayment pursuant to this Section 8, specifying the proposed date of prepayment or repayment of Loans and the principal amount to be paid. The Agent shall promptly notify each Bank by written notice (or telephonic notice confirmed in writing or by facsimile) of such notice of payment.

Section 9. PAYMENTS.

(a) All payments of principal, interest, fees and any other amounts due hereunder or under any of the other Loan Documents shall be made to the Agent at the Agent's Head Office in immediately available funds by 11:00 a.m. (New York time) on any due date. Subject to the provisions of Section 42, if a payment is received by the Agent at or before 1:00 p.m. (New York time) on any Business Day, the Agent shall on the same Business Day transfer in immediately available funds to each of the Banks, their pro-rata portion of such payment in accordance with their respective Line Percentages. If such payment is received by the Agent after 1:00 p.m. (New York time) on any Business Day, such transfer shall be made by the Agent to the applicable Bank(s) on the next Business Day. In the event that the Agent fails to make such transfer to any Bank as set forth above, the 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 equal to such Bank's Line Percentage of such payment, 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 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 the Agent.

(b) Each 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 Borrower and the 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 Borrower and the 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 Borrower, and such extensions or renewals thereof as may reasonably be requested by the Borrower, 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 Borrower that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(c) The Borrower 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 this Agreement 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 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 Borrower; 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 (b) 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 this Agreement 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.

Section 10. MANDATORY REPAYMENTS OF THE LOANS. If at any time the sum of the outstanding amount of the Loans exceeds the Line, whether by reduction of the Line or otherwise, then the Borrower shall immediately pay the amount of such excess to the Agent for application to the Loans subject to Section 16 hereunder.

Section 11. COMPUTATIONS. Except as otherwise expressly provided herein, all computations of interest or fees shall be based on a 360-day year and paid for the actual number of days elapsed, except that computations of the Agent's "prime 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 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.

Section 12. ILLEGALITY; INABILITY TO DETERMINE EURODOLLAR RATE. Notwithstanding any other provision of this Agreement (other than the last sentence of Section 4) 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 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 the Agent to perform its obligations in respect of any Eurodollar Loans, or (b) if any Bank or the 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 the Agent in any Eurodollar interbank market, or (iii) the Eurodollar Rate does not or will not accurately reflect the cost to the Bank or the Agent of obtaining or maintaining the applicable Eurodollar Loans during any Interest Period, then such Bank or the Agent shall promptly give telephonic, telex or cable notice of such determination to the Borrower (which notice shall be conclusive and binding upon the Borrower). Upon such notification by such Bank or the Agent, the obligation of the Banks and the Agent to make Eurodollar Loans shall be suspended until the Banks or the 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 in equal principal amounts of such former Eurodollar Loans.

Section 13. 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 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 14 or as otherwise reflected in the Base Rate or the Eurodollar 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 or the other Loan Documents, such Bank's 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 Commitment, or any class of loans or commitments of which any of the Loans or such Bank's Commitment, 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 Commitment, as applicable;

(ii) to reduce the amount of principal, interest or other amount payable to such Bank hereunder on account of such Bank's Commitment or the Loans; 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 Borrower hereunder,

THEN, and in each such case, the Borrower, 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 14. 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 Borrower, 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 15. CERTIFICATE. A certificate setting forth the additional amounts payable pursuant to Section 13 or Section 14 and a reasonable explanation of such amounts which are due, submitted by any Bank to the Borrower, shall be conclusive, absent manifest error, that such amounts are due and owing.

Section 16. EURODOLLAR INDEMNITY. The Borrower agrees to indemnify the Banks and the Agent, and to hold them harmless from and against any reasonable loss, cost or expense that any such Bank and the Agent may sustain or incur as a consequence of (a) the default by the Borrower in payment of the principal amount of or any interest on any Eurodollar Loans as and when due and payable, including any such loss or expense arising from interest or fees payable by any Bank or the Agent to lenders of funds obtained by it in order to maintain its Eurodollar Loans, (b) the default by the Borrower in making a borrowing of a Eurodollar Loan or conversion of a Eurodollar Loan or a prepayment of a Eurodollar Loan other than pursuant to the terms hereof after the Borrower has given (or is deemed to have given) notice hereunder, and (c) the making of any payment of a Eurodollar Loan, or the making of any conversion of any Eurodollar Loan to a Base Rate Loan, or the reallocation of any Eurodollar Loan on a day that is not the last day of the applicable Interest Period with respect thereto. Such loss 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 the Eurodollar Loan being paid, prepaid, converted, not converted, reallocated, or not borrowed, as the case may be (based on the Eurodollar 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 17. 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 plus two percentage points, until such amount shall be paid in full (after as well as before judgment).

Section 18. 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 Section Section 12, 13 or 14, such Bank will give notice thereof to the Borrower, with a copy to the Agent, and, to the extent so requested by the Borrower 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 19. REPLACEMENT OF BANKS; ADVANCES BY AGENT.

(a) Replacement of Banks. If any Bank (an "Affected Bank") (i) makes demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section Section 13 or 14, (ii) is unable to make or maintain Eurodollar Loans as a result of a condition described in Section 12 or (iii) defaults in its obligation to make Loans in accordance with the terms of this Agreement (such Bank being referred to as a "Defaulting Bank"), the Borrower may, within 90 days of receipt of such demand, notice (or the occurrence of such other event causing the Borrower to be required to pay such compensation or causing Section 12 to be applicable), or default, as the case may be, by notice (a "Replacement Notice") in writing to the Agent and such Affected Bank (A) request the Affected Bank to cooperate with the Borrower in obtaining a replacement bank satisfactory to the Agent and the Borrower (the "Replacement Bank"); (B) request the non-Affected Banks to acquire and assume all of the Affected Bank's Loans, but none of such Banks shall be under an obligation to do so; or (C) designate a Replacement Bank reasonably satisfactory to the Agent. 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

then such Affected Bank shall, so long as no Event of Default shall have occurred and be continuing, assign, in accordance with Section 34, 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 Borrower shall have paid to such Affected Bank all amounts properly demanded and unreimbursed under Section Section 13, 14 and 16. Upon the effective date of such assignment, the Borrower 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.

(b) Advances by Agent. The Agent 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 the Agent the amount of such Bank's Line Percentage with respect to the Loans to be made on such Drawdown Date, and the Agent may (but shall not be required to), in reliance upon such assumption, make available to the Borrower a corresponding amount. If any Bank makes such amount available to the Agent on a date after such Drawdown Date, such Bank shall pay the 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 Agent for federal funds acquired by the Agent, during each day included in such period times (ii) the amount equal to such Bank's Line Percentage of such Loan, 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 Line Percentage of such Loans shall become immediately available to the Agent, and the denominator of which is 365. A statement of the 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 the Agent by such Bank. If such amount is not in fact made available to the Agent by such Bank within three (3) Business Days of such Drawdown Date, the Agent shall be entitled to recover such amount from the Borrower, with interest thereon at the applicable rate per annum.

Section 20. FEES AND EXPENSES.

(a) Whether or not the transactions contemplated herein shall be consummated, the Borrower hereby promises to reimburse the Agent for all reasonable out-of-pocket fees and disbursements (including all reasonable attorneys' fees and expenses) 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 Borrower further promises to reimburse the Agent 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 Borrower 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.

(b) The Borrower agrees to pay to the Agent for the account of the Banks a fee (the "Facility Fee") on the Line equal to the Applicable Facility Rate multiplied by the Line. 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, 1998 with a final payment on the Maturity Date (or on the date of termination in full of the Line, if earlier). The Facility Fee shall be distributed pro rata among the Banks in accordance with each Bank's Line Percentage.

(c) In the event that the average outstanding amount of the Loans (as defined in the Credit Agreement) plus the average Maximum Drawing Amount of the Letters of Credit (as defined in the Credit Agreement) in any calendar quarter (collectively, the "Average Quarterly Utilization Amount") exceeds fifty percent (50%) of the Total Commitment (as defined in the Credit Agreement) in effect during such calendar quarter, the Borrower agrees to pay to the Agent for the account of the Banks a fee (the "Utilization Fee") equal to 0.05% per annum on the average utilized portion of the Line. If applicable, the Utilization Fee shall be payable quarterly in arrears on the first day of each calendar quarter for the immediate preceding calendar quarter (or such lesser period of time as has elapsed since the Closing Date), commencing April 1, 1998 with a final payment on the Maturity Date (or on the date of termination in full of the Line if earlier). The Utilization Fee shall be distributed pro rata among the Banks in accordance with each Bank's Line Percentage.

Section 21. CHARGES TO BORROWER'S ACCOUNT. All payments to be made by the Borrower hereunder shall be made in Dollars in immediately available funds at the Agent's Head Office, without set-off or counterclaim and without any withholding or deduction whatsoever. The Borrower authorizes the Agent to charge any of its accounts with the Agent for any amounts due and payable with respect to the Line. The Borrower may also pay such amounts by wire transfer or other means of providing good funds to the Agent on the due date thereof.

Section 22 REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to the Banks that:

Section 22.1. CORPORATE AUTHORITY.

(a) Incorporation; Good Standing. The Borrower 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 Borrower and its Subsidiaries as a whole.

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

(c) Enforceability. The execution, delivery and performance of the Loan Documents by the Borrower will result in valid and legally binding obligations of the Borrower 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 22.2 GOVERNMENTAL APPROVALS. The execution, delivery and performance of the Loan Documents by the Borrower and the consummation by the Borrower 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 Borrower's and its Subsidiaries' performance of their covenants contained in Section Section 23, 24 and 25 hereof.

Section 22.3 TITLE TO PROPERTIES; LEASES. The Borrower and its Subsidiaries own all of the assets reflected in the consolidated balance sheet as at the 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 22.4 FINANCIAL STATEMENTS; SOLVENCY.

(a) There have been furnished to the Banks (i) consolidated balance sheets of the Borrower and its Subsidiaries dated the Balance Sheet Date and consolidated statements of operations for the fiscal periods then ended, (ii) cash flow statements, consolidated balance sheets and consolidated statements of income of City

Management and its Subsidiaries dated June 30, 1997 for the fiscal year then ended and (iii) with respect to City Management and its Subsidiaries, a "Report on Audits of Financial Statements for the Consolidated Years Ended June 30, 1996" and a "Report on Audits of Financial Statements for the Consolidated Years Ended June 30, 1996" (the materials described in clauses (ii) and (iii) referred to herein as "City Management Financials"), in each case, with the exception of the materials described in clause (ii), certified by the Accountants. All said balance sheets, statements of operations and City Management Financials 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 Borrower and its Subsidiaries or City Management and its Subsidiaries, as applicable, 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 Borrower and its Subsidiaries or City Management and its Subsidiaries involving material amounts, known to the officers of the Borrower which have not been disclosed in said balance sheets and the related notes thereto or otherwise in writing to the Banks.

(b) The Borrower and its Subsidiaries on a consolidated basis (both before and after giving effect to the transactions contemplated by this Agreement, including the City Management 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 22.5 NO MATERIAL CHANGES, ETC. Since the Balance Sheet Date, there have occurred no material adverse changes in the consolidated financial condition, business or assets of the Borrower and its Subsidiaries, taken together as shown on or reflected in the consolidated balance sheets of the Borrower and its Subsidiaries as at the 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 Borrower and its Subsidiaries, taken together. Since the Balance Sheet Date, there have not been any Distributions (including Distributions by the Borrower) other than as permitted by Section 24.5 hereof. Since June 30, 1997 there have occurred no material adverse changes in the consolidated financial condition, business or assets of City Management and its Subsidiaries taken together as shown on or reflected in the consolidated balance sheets of City Management and its Subsidiaries as at June 30, 1997, 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 City Management and its Subsidiaries, taken together.

Section 22.6 FRANCHISES, PATENTS, COPYRIGHTS, ETC. The Borrower 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 Borrower 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 Borrower and its Subsidiaries as a whole.

Section 22.7 LITIGATION. Except as set forth on Schedule 6.7 to the Credit Agreement, there are no actions, suits, proceedings or investigations of any kind pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened against the Borrower 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 Borrower and its Subsidiaries, considered as a whole, or materially impair the right of the Borrower 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 Borrower or any of its Subsidiaries is a party, or any action taken or to be taken pursuant hereto or thereto.

Section 22.8 NO MATERIALLY ADVERSE CONTRACTS, ETC. Neither the Borrower 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 Borrower'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 Borrower and its Subsidiaries, considered as a whole. Neither the Borrower nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Borrower'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 Borrower and its Subsidiaries, considered as a whole, except as otherwise reflected in adequate reserves as required by GAAP.

Section 22.9 COMPLIANCE WITH OTHER INSTRUMENTS, LAWS, ETC. Neither the Borrower 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 Borrower and its Subsidiaries, considered as a whole.

Section 22.10 TAX STATUS. The Borrower 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 Borrower 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 Borrower or such Subsidiary on an individual basis or of the Borrower 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 Borrower or any Subsidiary, nor do the officers of the Borrower or any of its Subsidiaries know of any basis for any such claim.

Section 22.11 NO EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.

Section 22.12 HOLDING COMPANY AND INVESTMENT COMPANY ACTS. Neither the Borrower nor any of its Subsidiaries is a "holding Company", or a "subsidiary Company" of a "holding Borrower", 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 22.13 ABSENCE OF FINANCING STATEMENTS, ETC. Except as permitted by Sections 24.1 and 24.2 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 Borrower or any of its Subsidiaries or right thereunder.

Section 22.14 EMPLOYEE BENEFIT PLANS.

Section 22.14.1 IN GENERAL. Each Employee Benefit Plan has been maintained and operated in compliance in all material respects with the provisions of ERISA, as applicable, and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions. Promptly upon the request of any Bank or the

Agent, the Borrower will furnish to the Agent the most recently completed annual report, Form 5500, with all required attachments, and actuarial statement required to be submitted under Section 103(d) of ERISA, with respect to each Guaranteed Pension Plan.

Section 22.14.2 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 Borrower or an 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 the Borrower or such ERISA Affiliate without liability to any Person.

Section 22.14.3 GUARANTEED PENSION PLANS. Each contribution required to be made to a Guaranteed Pension Plan, whether required to be made to avoid the incurrence of an accumulated funding deficiency, the notice or lien provisions of Section 302(f) of ERISA, or otherwise, has been timely made. No waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan. No liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred by the Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan and there has not been any ERISA Reportable Event, or any other event or condition which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within twelve months of the date of this representation), and on the actuarial methods and assumptions employed for that valuation, the aggregate benefit liabilities of all such Guaranteed Pension Plans within the meaning of Section 4001 of ERISA did not exceed the aggregate value of the assets of all such Guaranteed Pension Plans, disregarding for this purpose the benefit liabilities and assets of any Guaranteed Pension Plan with assets in excess of benefit liabilities.

Section 22.14.4 MULTIEMPLOYER PLANS. Neither the Borrower 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 Borrower nor any ERISA Affiliate has been notified that any Multiemployer Plan is in reorganization or 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 22.15 ENVIRONMENTAL COMPLIANCE. The Borrower 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 Borrower and its Subsidiaries and, based upon such diligent investigation, have determined that, except as set forth on Schedule 6.15 to the Credit Agreement:

(a) Neither the Borrower, 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 Borrower and its Subsidiaries on a consolidated basis.

(b) Except as described on Schedule 6.15 to the Credit Agreement, neither the Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower, its Subsidiaries, or operators of the Real Property or other assets of the Borrower 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 Borrower 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 Borrower or its Subsidiaries, which Releases would have a material adverse effect on the value of such properties; (iv) to the best of the Borrower'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 Borrower 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 Borrower 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 Borrower'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 Borrower 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 22.16 TRUE COPIES OF CHARTER AND CITY MANAGEMENT ACQUISITION DOCUMENTS. The Borrower has furnished the 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 by-laws (together with any amendments thereto) or (b) a certificate certifying that such documents have not changed since August 7, 1997. The Borrower has heretofore furnished to the Agent true, complete and correct copies of the City Management Acquisition Documents (including all schedules, exhibits and annexes thereto). The City Management Acquisition Documents have not subsequently been amended, supplemented, or modified and constitute the complete understanding among the parties thereto in respect of the matters and transactions covered thereby.

Section 22.17 DISCLOSURE. No representation or warranty made by the Borrower in this Agreement or in any agreement, instrument, document, certificate, statement or letter furnished to the Banks or the Agent by or on behalf of or at the request of the Borrower 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 22.18 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 Borrower and its Subsidiaries as a whole) required for the construction and operation of all landfills currently owned or operated by the Borrower 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 Borrower nor any of its Subsidiaries, nor, to the knowledge of the Borrower 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 Borrower and its Subsidiaries as a whole.

Section 23 AFFIRMATIVE COVENANTS OF THE BORROWER. The Borrower agrees that, so long as any Obligation is outstanding or the Banks have any obligation to make Loans hereunder, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

Section 23.1 PUNCTUAL PAYMENT. The Borrower will duly and punctually pay or cause to be paid the principal and interest on the Loans, 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 23.2 MAINTENANCE OF U.S. OFFICE. The Borrower will maintain its chief executive offices at Houston, Texas, or at such other place in the United States of America as the Borrower shall designate upon 30 days' prior written notice to the Agent.

Section 23.3 RECORDS AND ACCOUNTS. The Borrower 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 23.4 FINANCIAL STATEMENTS, CERTIFICATES AND INFORMATION. The Borrower 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 Borrower, the consolidated balance sheet of the Borrower 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 Borrower and reasonably satisfactory to the Banks (the "Accountants"). In addition, simultaneously therewith, the Borrower 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 Borrower, copies of the consolidated balance sheet and statement of operations of the Borrower 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 Borrower (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 Borrower 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 C hereto (the "Compliance Certificate") signed by the CFO or the CAO or the Borrower's corporate treasurer, stating that the Borrower and its Subsidiaries are in compliance with the covenants contained in Section 23, 24 and 25 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 Sections 24.1(f), 24.3, 24.4, 24.5, and 25 hereof and that no Default or Event of Default exists, provided that if the Borrower 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 Borrower 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 Borrower 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 Borrower'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 Borrower hereby authorizes 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 the 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 23.5 CORPORATE EXISTENCE AND CONDUCT OF BUSINESS. The Borrower 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 Borrower or any Subsidiary to remain so qualified would not materially adversely impair the financial condition, business or assets of the Borrower 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 Borrower and its Subsidiaries on a consolidated basis. The Borrower 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 Borrower and its Subsidiaries, on a consolidated basis. The Borrower will, and will cause each Subsidiary to, continue to engage primarily in the businesses now conducted by it and in related businesses.

Section 23.6 MAINTENANCE OF PROPERTIES. The Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower and its Subsidiaries on a consolidated basis.

Section 23.7 INSURANCE. The Borrower 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 Borrower and its Subsidiaries, in amounts substantially similar to the existing coverage policies maintained by the Borrower and its Subsidiaries, copies of which have been provided to the Agent. In addition, the Borrower will furnish from time to time, upon any Bank's request, a summary of the insurance coverage of the Borrower 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 Agent and such Bank copies of the applicable policies.

Section 23.8 TAXES. The Borrower 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 Borrower 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 Borrower or such Subsidiary shall have set aside on its books adequate reserves with respect thereto as required by GAAP; and provided, further, that the Borrower 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 23.9 INSPECTION OF PROPERTIES, BOOKS AND CONTRACTS. The Borrower will, and will cause its Subsidiaries to, permit the Agent or any Bank or any of their designated representatives, upon reasonable notice, to visit and inspect any of the properties of the Borrower and its Subsidiaries, to examine the books of account of the Borrower and its Subsidiaries, or contracts (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrower 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 23.10 COMPLIANCE WITH LAWS, CONTRACTS, LICENSES AND PERMITS; MAINTENANCE OF MATERIAL LICENSES AND PERMITS. The Borrower 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 Borrower 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 Borrower'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 Borrower or any Subsidiary may fulfill any of its obligations hereunder or under any other Loan Document, the Borrower will immediately take or cause to be taken all reasonable steps within the power of the Borrower or such Subsidiary to obtain such authorization, consent, approval, permit or license and furnish the Banks with evidence thereof.

Section 23.11 ENVIRONMENTAL INDEMNIFICATION. The Borrower covenants and agrees that it will indemnify and hold the Banks and the Agent 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 or the Agent (including all costs of legal representation incurred by the Banks or the Agent) 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 Borrower or its Subsidiaries, or the operations conducted thereon; or (c) the investigation or remediation of offsite locations at which the Borrower, any of its Subsidiaries, or their predecessors are alleged to have directly or indirectly Disposed of Hazardous Substances. It is expressly acknowledged by the Borrower that this covenant of indemnification shall survive the payment of the Loans and satisfaction of all other Obligations hereunder and shall inure to the benefit of the Banks, the Agent and their affiliates, successors and assigns.

Section 23.12 FURTHER ASSURANCES. The Borrower will cooperate with the Agent and execute such further instruments and documents as the Agent shall reasonably request to carry out to the Banks' satisfaction the transactions contemplated by this Agreement.

Section 23.13 NOTICE OF POTENTIAL CLAIMS OR LITIGATION. The Borrower 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 Borrower 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 Borrower or any of its Subsidiaries.

Section 23.14 NOTICE OF CERTAIN EVENTS CONCERNING INSURANCE AND ENVIRONMENTAL CLAIMS.

(a) The Borrower will provide the Banks with written notice as to any material cancellation or material adverse change in any insurance of the Borrower or any of its Subsidiaries within ten (10) Business Days after the Borrower'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 Borrower will promptly notify the Banks in writing of any of the following events:

(i) upon the Borrower's or any Subsidiary's obtaining knowledge of any violation of any Environmental Law regarding the Real Property or the Borrower's or any Subsidiary's operations which violation could have a material adverse effect on the business, financial condition, or assets of the Borrower and its Subsidiaries on a consolidated basis;

(ii) upon the Borrower'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 Borrower and its Subsidiaries on a consolidated basis;

(iii) upon the Borrower'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 governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) the Borrower'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 Borrower, 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 Borrower'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 Borrower or any Subsidiary may be liable or for which a lien may be imposed on the Real Property.

Section 23.15 NOTICE OF DEFAULT. The Borrower 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 Borrower or any of its Subsidiaries is a party or obligor, whether as principal or surety, the Borrower 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 23.16 USE OF PROCEEDS. The proceeds of the Loans shall be used for general corporate purposes and to refinance certain existing debt of the Borrower and City Management in connection with the Borrower's acquisition of City Management. 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 23.17 CERTAIN TRANSACTIONS. Except as disclosed in filings made by the Borrower under the Securities Exchange Act of 1934 prior to the Closing Date, and except for arm's length transactions pursuant to which the Borrower or any Subsidiary makes payments in the ordinary course of business upon terms no less favorable than the Borrower or such Subsidiary could obtain from third parties, none of the officers, directors, or employees of the Borrower or any Subsidiary are presently or shall be a party to any transaction with the Borrower 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 Borrower 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 24 CERTAIN NEGATIVE COVENANTS OF THE BORROWER. The Borrower agrees that, so long as any Obligation is outstanding or the Banks have any obligation to make Loans hereunder, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

Section 24.1 RESTRICTIONS ON INDEBTEDNESS. Neither the Borrower 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 of the Borrower and Guarantors under the Credit Agreement;

(b) Indebtedness arising under this Agreement or the other Loan Documents;

(c) Existing Indebtedness of the Borrower and its Subsidiaries listed on Schedule 8.1(b) to the Credit Agreement 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 existed on August 7, 1997;

(d) (i) Indebtedness incurred by the Borrower 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;

(e) Unsecured Indebtedness of the Borrower, 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;

(f) (i) Indebtedness of the Borrower's Subsidiaries, (ii) secured Indebtedness of the Borrower, (iii) Indebtedness with respect to landfill closure bonds of the Borrower's Subsidiaries, and (iv) Indebtedness with respect to Permitted Receivables Transactions; provided that the aggregate amount of all such Indebtedness in this 24.1(f) shall not exceed 7.5% of Consolidated Tangible Assets at any time;

(g) Indebtedness of Sanifill with respect to the Sanifill Convertible Subordinated Debt;

(h) Other Indebtedness of the Canadian Subsidiaries of the Borrower in an aggregate amount outstanding not in excess of \$50,000,000; and

(i) Indebtedness of United with respect to the United Indenture.

Section 24.2 RESTRICTIONS ON LIENS. The Borrower 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 listed on Schedule 8.2(a) of the Credit Agreement;

(b) Liens securing Indebtedness permitted by Section 24.1(d)(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 24.1(f) (provided that Liens created pursuant to a Permitted Receivables Transaction are only on the receivables so transferred and secure only the obligations with respect thereto) and Section 24.1(h);

(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 Borrower (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 Borrower 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 Borrower (or any Subsidiary) in good faith by appropriate proceedings and if the Borrower shall have set aside on its books adequate reserves with respect thereto as required by GAAP and provided further that the

Borrower (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 Borrower or any Subsidiary is a party, and other minor liens or encumbrances none of which in the opinion of the Borrower interferes materially with the use of the property affected in the ordinary conduct of the business of the Borrower or any of its Subsidiaries, which defects do not individually or in the aggregate have a material adverse effect on the business of the Borrower or any Subsidiary individually or of the Borrower and its Subsidiaries on a consolidated basis.

The Borrower covenants and agrees that if it or any of its 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 Borrower will make or cause to be made effective provision whereby the 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 Borrower contained in this sentence shall only be in effect for so long as the Borrower shall be similarly obligated under any other Indebtedness; provided, further, that an Event of Default shall occur for so long as such other Indebtedness becomes secured notwithstanding any actions taken by the Borrower to ratably secure the Obligations hereunder.

Section 24.3 RESTRICTIONS ON INVESTMENTS. Except to the extent provided in Section 24.4, neither The Borrower 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 Borrower and its Subsidiaries are in compliance with the covenants set forth in Sections 23, 24 and 25 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 15% of Consolidated Tangible Assets; provided, that the ability of the Borrower and its Subsidiaries to incur any Indebtedness in connection with any Investment permitted by this Section 24.3 shall be governed by Section 24.1.

Section 24.4 MERGERS, CONSOLIDATIONS, SALES.

(a) Neither the Borrower nor any Subsidiary shall be a party to any merger, consolidation or exchange of stock unless the Borrower shall be the surviving entity with respect to any such transaction to which the Borrower 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, membership or joint venture or other interest in, any other Person except as otherwise provided in Section 24.3 or this Section 24.4. Notwithstanding the foregoing, The Borrower and its Subsidiaries may purchase or otherwise acquire all or substantially all of the assets or stock of any class of, or joint venture or other interest in, any Person if the following conditions have been met: (i) the proposed transaction will not otherwise create a Default or an Event of Default hereunder; (ii) 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; (iii) the business to be acquired operates predominantly (A) in North America or (B) outside North America, provided, that the aggregate amount of such acquisitions under this clause (B) does not exceed five percent (5%) of Consolidated Tangible Assets; and (iv) 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 anything herein to the contrary, the ability of the Borrower and its Subsidiaries to incur any Indebtedness in connection with any transaction permitted pursuant to this Section 24.4 shall be governed by Section 24.1.

(b) Neither the Borrower 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 Borrower or any Subsidiary in order then or thereafter to lease such property or lease other property which the Borrower 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 Borrower which are wholly owned by the Borrower 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 23.4 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, or pursuant to a Permitted Receivables Transaction).

Section 24.5 RESTRICTED DISTRIBUTIONS AND REDEMPTIONS. Neither the Borrower 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 24.4 hereof or conversion into another form of equity of any preferred shares of the Borrower existing as of the Closing Date pursuant to the terms thereof); provided that the

Borrower 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 Borrower and the Borrower agrees that neither the Borrower nor any Material Subsidiary will enter into any agreement restricting Distributions from such Material Subsidiary to the Borrower.

Section 24.6 EMPLOYEE BENEFIT PLANS. None of the Borrower, 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 Borrower 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 Borrower 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 (within 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

The Borrower and its Subsidiaries will (i) promptly upon the request of any Bank or the 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 Sections 302, 4041, 4042, 4043, 4063, 4065, 4066 and 4068 of ERISA, or in respect of a Multiemployer Plan, under Sections 4041A, 4202, 4219, 4242 or 4245 of ERISA.

Section 25 FINANCIAL COVENANTS OF THE BORROWER. The Borrower agrees that, so long as any Obligation is outstanding or the Banks have any obligation to make Loans hereunder, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

Section 25.1 INTEREST COVERAGE RATIO. As of the end of any fiscal quarter of the Borrower, 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 25.2 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 Borrower.

Section 26 CONDITIONS PRECEDENT.

Section 26.1 CONDITIONS TO EFFECTIVENESS. The effectiveness of this Agreement and the obligations of the Banks to make any Loans and otherwise be bound by the terms of this Agreement shall be subject to the satisfaction of each of the following conditions precedent:

Section 26.1.1 CORPORATE ACTION. All corporate action necessary for the valid execution, delivery and performance by the Borrower of the Loan Documents shall have been duly and effectively taken, and evidence thereof certified by authorized officers of the Borrower and satisfactory to the Agent shall have been provided to the Agent.

Section 26.1.2 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 Agent.

Section 26.1.3 CERTIFIED COPIES OF CHARTER DOCUMENTS. The Agent shall have received from the Borrower (a) a copy, certified by a duly authorized officer of the Borrower to be true and complete on the Closing Date, of its charter or other incorporation documents as in effect on such date of certification and its by-laws as in effect on such date, or (b) a certificate of a duly authorized officer of the Borrower certifying that such documents have not changed since August 7, 1997.

Section 26.1.4 INCUMBENCY CERTIFICATE. The Agent 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 Borrower and Sanifill; and (b) to give notices, make Loan Requests and to take other action on the Borrower's behalf under the Loan Documents.

Section 26.1.5 CERTIFICATES OF INSURANCE. The Agent 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 26.1.6 OPINIONS OF COUNSEL. The Agent shall have received favorable legal opinions from counsel to the Borrower addressed to the Agent, dated the Closing Date, in form and substance satisfactory to the Agent.

Section 26.1.7 SATISFACTORY FINANCIAL CONDITION. No material adverse change, in the judgment of the Agent, shall have occurred in the financial condition, results of operations, business, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, since the most recent financial statements and projections provided to the Agent.

Section 26.1.8 CITY MANAGEMENT ACQUISITION. The City Management Acquisition shall have been successfully completed on terms no less favorable to the Borrower than the terms set forth in the City Management Acquisition Agreement, and evidence thereof satisfactory to the Agent, including, without limitation, a legal opinion as to the completion of the City Management Acquisition, shall have been furnished to the Agent.

Section 26.1.9 LIEN SEARCH RESULTS. The Administrative Agent shall have received the results of UCC lien searches with respect to City Management and its Subsidiaries indicating no liens or encumbrances other than Permitted Liens.

Section 26.2 PAYMENT OF CLOSING FEES. The Borrower shall have paid all closing fees as required under the Commitment Letter, dated as of December 12, 1997 from Morgan to the Borrower.

Section 27 CONDITIONS TO ALL LOANS. The obligations of the Banks to make any Loan at the time of and subsequent to the Closing Date is subject to the following conditions precedent:

Section 27.1 REPRESENTATIONS TRUE. Each of the representations and warranties of the Borrower 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 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 Borrower and its Subsidiaries as a whole, and to the extent that such representations and warranties relate expressly and solely to an earlier date).

Section 27.2 PERFORMANCE; NO EVENT OF DEFAULT. The Borrower 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, and at the time of the making of any Loan, 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. Each request for a Loan shall constitute certification by the Borrower that the conditions specified in Sections 27.1 and 27.2 will be duly satisfied on the date of such Loan.

Section 27.3 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 hereunder.

Section 27.4 GOVERNMENTAL REGULATION. The Banks shall have received from the Borrower 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 27.5 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 Loan Request in the form attached hereto as Exhibit A, 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 28. EVENTS OF DEFAULT; ACCELERATION; TERMINATION REMEDIES.

Section 28.1. EVENTS OF DEFAULT.

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) the Borrower shall fail to pay any principal of the Loans 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) the Borrower shall fail to pay any interest or fees or other amounts owing hereunder (other than those specified in subsection (a) above) within (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) the Borrower shall fail to comply with the provisions of Sections 23, 24 or 25;

(d) the Borrower shall fail to perform any term, covenant or agreement contained herein or 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 Borrower by the 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 Borrower 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 \$25,000,000, 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 \$25,000,000 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) there shall be an "Event of Default" under the Credit Agreement or the Credit Agreement shall be cancelled or terminated;

(h) if the Borrower 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 Borrower or any Material Subsidiary or of any substantial part of the assets of the Borrower or any Material Subsidiary or commences any case or other proceeding relating to the Borrower 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 Borrower or any Material Subsidiary or the Borrower or any Material Subsidiary indicates its approval thereof, consent thereto or acquiescence therein;

(i) if a decree or order is entered appointing any such trustee, custodian, liquidator or receiver or adjudicating the Borrower 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 Borrower 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;

(j) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty days, whether or not consecutive, any final judgment against the Borrower or any Subsidiary which, with other outstanding final judgments against the Borrower and its Subsidiaries exceeds in the aggregate \$10,000,000 after taking into account any undisputed insurance coverage;

(k) if, with respect to any Guaranteed Pension Plan, an ERISA Reportable Event 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 Borrower or any Subsidiary to the PBGC 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 for the appointment by the appropriate United States District Court of a trustee to administer such Plan; or a trustee shall have been appointed by the appropriate United States District Court to administer such Plan; or the PBGC shall have instituted proceedings to terminate such Plan;

(l) 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 Borrower or any of its 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

(m) 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 25% or more of the outstanding shares of common voting stock of the Borrower; or, during any period of twelve consecutive calendar months, individuals who were directors of the Borrower on the first day of such period shall cease to constitute a majority of the board of directors of the Borrower;

THEN, or at any time thereafter:

so long as the same may be continuing, the Agent may, and upon the request of the Majority Banks shall, by notice in writing to the Borrower, declare all amounts owing with respect to this Agreement, the Notes and the other Loan Documents 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 Borrower; provided that in the event of any Event of Default specified in Sections 28.1(h) or 28.1(i) hereof, all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Agent or any Bank.

Section 28.2. TERMINATION OF COMMITMENTS. If any Event of Default pursuant to Section 28.1(h) or 28.1(i) hereof shall occur, any unused portion of the Line hereunder shall forthwith terminate and the Banks and the Agent shall be relieved of all obligations to make Loans hereunder; or if any other Event of Default shall occur, the Majority Banks may by notice to the Borrower terminate the unused portion of the Line hereunder, and, upon such notice being given, such unused portion of the Line hereunder shall terminate immediately and the Banks and the Agent shall be relieved of all further obligations to make Loans hereunder. No termination of any portion of the Line hereunder shall relieve the Borrower of any of its existing obligations hereunder to the Banks or the Agent hereunder or elsewhere.

Section 28.3. 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 28.1, each Bank, upon notice to the other Banks, if owed any amount with respect to the Loans, 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 42 hereof. No remedy herein conferred upon any Bank or the Agent 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 29. 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 Borrower and any securities or other property of the Borrower in the possession of such Bank may be applied to or set off against the payment of the 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 Borrower to the Banks or the Agent. Any amounts set off pursuant to this Section 29 shall be distributed ratably

among all of the Banks by the Bank setting off such amounts. If any Bank fails to share such setoff ratably, the Agent shall have the right to withhold such Bank's share of any payments until each of the Banks shall have, in the aggregate, received a pro rata repayment.

Section 30. THE AGENT.

Section 30.1. APPOINTMENT, POWERS AND IMMUNITIES. Each Bank hereby irrevocably appoints and authorizes Morgan to act as Agent hereunder, provided, however, the Agent is hereby authorized to serve only as agent 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 Agent hereby acknowledges that it does 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 other Loan Documents. Except as provided in this Agreement and the other Loan Documents, the Agent shall take action or refrain from acting only upon instructions of the Banks. The Agent 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. Neither the Agent nor any of its affiliates shall be responsible to the Banks for any recitals, statements, representations or warranties made by the Borrower 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 for any failure by the Borrower or any other Person to perform its obligations hereunder or thereunder or in respect of the Notes. The Agent 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 Agent nor any of its 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. The Agent in its separate capacity as a Bank shall have the same rights and powers hereunder as any other Bank.

Section 30.2. ACTIONS BY AGENT. The 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 Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the other 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.

Section 30.3. INDEMNIFICATION. Without limiting the obligations of the Borrower hereunder or under any of the other Loan Documents, the Banks agree to indemnify the Agent, its affiliates and its respective directors, officers, agents and employees (to

the extent not reimbursed by the Borrower), ratably in accordance with their respective Line Percentages, 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 Agent in any way relating to or arising out of this Agreement or any of the other Loan Documents 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 Agent (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 30.4 REIMBURSEMENT. Without limiting the provisions of Sections 9(a), 19(b), and 29, the Agent shall not be obliged to make available to any Person any sum which the Agent is expecting to receive for the account of that Person until the Agent has determined that it has received that sum. The Agent may, however, disburse funds prior to determining that the sums which the Agent expects to receive have been finally and unconditionally paid to the Agent, if the Agent wishes to do so. If and to the extent that the Agent does disburse funds and it later becomes apparent that the Agent did not then receive a payment in an amount equal to the sum paid out, then any Person to whom the Agent made the funds available shall, on demand from the Agent, refund to the Agent the sum paid to that Person. If, in the opinion of the Agent, the distribution of any amount received by it in such capacity hereunder or under any of 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 the Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the 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 30.5. NON-RELIANCE ON AGENT AND OTHER BANKS. Each Bank represents that it has, independently and without reliance on the Agent 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 Borrower and the decision to enter into this Agreement and the other Loan Documents and agrees that it will, independently and without reliance upon the Agent 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 of the other Loan Documents. Except as herein expressly provided to the contrary, the Agent shall not be required to keep informed as to the performance or observance by the Borrower 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 Agent hereunder, the Agent 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 Agent or any of their affiliates. Each Bank shall have access to all documents relating to the Agent's performance of its duties hereunder at such Bank's request. Unless any Bank shall promptly object to any action taken by the Agent 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 30.7 are applicable and other than actions which constitute gross negligence or willful misconduct by the Agent), such Bank shall be presumed to have approved the same.

Section 30.6. RESIGNATION OF AGENT. The Agent may resign at any time by giving 60 days' prior written notice thereof to the Banks and the Borrower. Upon any such resignation, the Banks (other than the resigning Agent) shall have the right to appoint a successor Agent from among the Banks. If no successor to the Agent shall have been so appointed by the Banks and shall have accepted such appointment within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor 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 Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring 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 Agent.

Section 30.7. 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 Documents to be given by the Banks may be given, any term of this Agreement or 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 Borrower 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 the Agent shall be effective without the written consent of the Agent. 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 Line (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 30.7; or (f) change the Line Percentage of any Bank, except as permitted under Section 34 hereof.

Section 30.8 DOCUMENTS. The Agent will forward to each Bank, promptly after receipt thereof, a copy of each notice or other document furnished to the Agent for such Bank hereunder.

Section 31. INDEMNIFICATION. The Borrower agrees to indemnify and hold harmless the Banks and the Agent and their affiliates, as well as the Banks' and the Agent's 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 and relating to any Environmental Laws or Applicable Requirements, 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 Agent shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the Borrower agrees 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 Agent by third parties, the Borrower shall be entitled to participate in such proceeding or litigation with counsel of its choice at its expense, provided that such counsel shall be reasonably satisfactory to the Banks or Agent. The covenants of this Section 31 shall survive payment or satisfaction of payment of amounts owing with respect to any Note or other Loan Document and satisfaction of all of the Obligations, IT BEING THE INTENT OF THE PARTIES HERETO THAT ALL SUCH INDEMNIFIED PARTIES SHALL BE INDEMNIFIED FOR THEIR ORDINARY SOLE OR CONTRIBUTORY NEGLIGENCE.

Section 32 WITHHOLDING TAXES. The Borrower hereby agrees that:

(a) Any and all payments made by the Borrower 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 Agent 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 Borrower hereunder is required in respect of any Indemnifiable Taxes pursuant to any applicable law, or governmental rule or regulation, then the Borrower will (i) direct to the relevant taxing authority the full amount required to be so withheld or deducted, (ii) forward to the Agent for delivery to the applicable

Bank an official receipt or other documentation satisfactory to the Agent and the applicable Bank evidencing such payment to such taxing authority, and (iii) direct to the 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 Agent or any Bank with respect to any payment received by the Agent or such Bank by reason of the Borrower's failure to properly deduct and withhold such Indemnifiable Taxes from such payment, the Agent or such Bank may pay such Indemnifiable Taxes and the Borrower 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 Borrower from the 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 Borrower 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 Borrower hereby indemnifies and holds harmless the Agent 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 32) paid by the Agent 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 Borrower's 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 Borrower under the preceding sentence shall be made promptly after receipt by the Borrower from the 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 Borrower pays any amount under this Section 32 to the Agent or any Bank and such payee knowingly receives a refund of any taxes with respect to which such amount was paid, the Agent or such Bank, as the case may be, shall pay to the Borrower the amount of such refund promptly following the receipt thereof by such payee.

(e) In the event any taxing authority notifies the Borrower that it has improperly failed to deduct or withhold any taxes (other than Indemnifiable Taxes) from a payment made hereunder to the Agent or any Bank, the Borrower shall timely and fully pay such taxes to such taxing authority.

(f) The Agent or the Banks shall, upon the request of the Borrower, 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 Borrower contained in this Section 32 shall survive the payment in full of the Obligations.

Section 33. 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 Borrower pursuant hereto or referenced herein shall be deemed to have been relied upon by the Banks and the Agent, notwithstanding any investigation heretofore or hereafter made by them, and shall survive the making by the Banks of the Loans, as herein contemplated, and shall continue in full force and effect so long as any amount due under this Agreement, any Obligation or any Note remains outstanding and unpaid or any Bank has any obligation to make any Loans hereunder. All statements contained in any certificate or other paper delivered by or on behalf of the Borrower pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower hereunder.

Section 34. 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 Line Percentage, and interests in the risk relating to the Loans hereunder in an amount equal to or greater than the lesser of (a) \$5,000,000 or (b) such Bank's entire Commitment to additional banks or other financial institutions with the prior written approval of the Agent, and, so long as no Event of Default has occurred and is continuing, the Borrower, which approvals shall not be unreasonably withheld. 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 Agent and the Borrower. It is further agreed that each bank or other financial institution which executes and delivers to the Agent, and the Borrower hereunder an Assignment and Acceptance substantially in the form of Exhibit D hereto (an "Assignment and Acceptance") together with an assignment fee in the amount of \$2,500 payable by the assigning Bank to the 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 Commitment and the Loans 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 Borrower shall issue to the bank or other financial institution a Note in the amount of such bank's or other financial institution's Commitment dated the date of the assignment or such other date as may be specified by the Agent, and otherwise completed in substantially the form of Exhibit A, and to the extent any assigning Bank has retained a portion of its obligations hereunder, a replacement Note to the assigning Bank reflecting its assignment; and (b) 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 Commitment and the Loans. 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 30.7 which require the approval of all Banks.

Notwithstanding the foregoing, no assignment or participation shall operate to increase the Line 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 of the Line pursuant to Section 2(d) hereof.

Anything contained in this Section 34 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 35. 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 Borrower shall not assign or transfer its rights or obligations hereunder or thereunder without the prior written consent of each of the Banks.

Section 36. 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 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 Borrower at the address specified in Section 21 of the Credit Agreement; or

(b) if to Morgan or the Agent, at the address specified in Section 21 of the Credit Agreement; or

(c) if to any other Bank, at the address set forth next to such Bank's name on Schedule 1 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 37. MISCELLANEOUS. The rights and remedies herein expressed are cumulative and not exclusive of any other rights which the Banks and the Agent 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 38. CONSENTS, ETC. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in this Section 38, subject to the provisions of Section 30.7. 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 Borrower 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 Borrower, 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 or the Agent in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

Section 39. 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 BORROWER HEREBY WAIVES ANY RIGHT IT 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. THE BORROWER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY BANK OR THE AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH BANK OR THE AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE AGENT AND THE BANKS HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BECAUSE OF, AMONG OTHER THINGS, THE BORROWER'S WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

SECTION 40. GOVERNING LAW. 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 BORROWER CONSENTS 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 OR THE AGENT UNDER THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. THE BORROWER 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 41. 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.

42. 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 the Borrower (pursuant to Section 29 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 and other Obligations held by it (other than pursuant to Section 13, Section 14 or Section 16) 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 42 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. The 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 the Borrower to such Person as fully as if such Person had made a Loan directly to the Borrower in the amount of such participation.

SECTION 43. 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.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as a sealed instrument as of the date first above written.

USA WASTE SERVICES, INC.

By: /s/ RONALD H. JONES

Name: Ronald H. Jones
Title: Vice President & Treasurer

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, individually and as Agent

By: /s/ CHRISTOPHER C. KUNHARDT

Name: CHRISTOPHER C. KUNHARDT
Title: VICE PRESIDENT

FIRST AMENDMENT
TO BRIDGE LOAN AGREEMENT

This FIRST AMENDMENT TO BRIDGE LOAN AGREEMENT is made and entered into as of March 6, 1998 (this "Amendment") by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Borrower"), MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York state banking association (in its individual capacity, "Morgan") and each of the other financial institutions party to the Loan Agreement defined below (collectively, the "Banks"), and Morgan as agent for the Banks (in such capacity, the "Agent"). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Loan Agreement.

WHEREAS, the Borrower, the Banks, and the Agent have entered into that certain Bridge Loan Agreement, dated as of January 21, 1998 (as amended and in effect from time to time, the "Loan Agreement"), pursuant to which the Banks have extended credit to the Borrower on the terms set forth therein;

WHEREAS, the Banks, the Agent, and the Borrower have agreed to amend the Loan Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. AMENDMENT TO SECTION 25.2. Section 25.2 of the Loan Agreement is hereby deleted in its entirety and the following substituted therefor:

SECTION 25.2. DEBT TO TOTAL CAPITALIZATION. The ratio of Funded Debt to Consolidated Total Capitalization shall not at any time exceed (a) 0.62:1 from March 6, 1998 through December 31, 1998 or (b) 0.58:1 thereafter.

SECTION 2. NO EVENT OF DEFAULT. The Borrower represents and warrants to the Agent and the Banks that no Default or Event of Default has occurred and is continuing.

SECTION 3. EFFECTIVENESS. This Amendment shall become effective upon its execution and delivery by the Borrower, the Guarantors, and the Majority Banks (the "Effective Date").

SECTION 4. RATIFICATION, ETC. Except as expressly amended hereby, the Loan Agreement, the other Loan Documents and all documents, instruments and agreements related thereto are hereby ratified and confirmed in all respects and shall continue in full force and effect. This Amendment and the Loan Agreement shall hereafter be read and construed together as a single document, and all references in the Loan Agreement, any other Loan Document or any agreement or instrument related to the Loan Agreement shall hereafter refer to the Loan Agreement as amended by this Amendment.

SECTION 5. COUNTERPARTS. This Amendment may be executed in any number of counterparts, which together shall constitute one instrument.

SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE A CONTRACT UNDER THE LAWS OF THE STATE OF NEW YORK, SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF SAID JURISDICTION, WITHOUT REFERENCE TO CONFLICTS OF LAW, AND IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as an instrument under seal to be effective as of the date first above written.

THE BORROWER:

USA WASTE SERVICES, INC.

By:/s/ RONALD H. JONES

Name: Ronald H. Jones
Title: Vice President & Treasurer

THE BANKS:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,
individually and as Agent

By:/s/ CHRISTOPHER C. KUNHARDT

Christopher C. Kunhardt
Vice President

=====

CREDIT AGREEMENT

dated as of January 22, 1998

among

USA WASTE SERVICES, INC.,

VARIOUS FINANCIAL INSTITUTIONS,

and

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Agent

Arranged by
BANCAMERICA ROBERTSON STEPHENS

=====

TABLE OF CONTENTS

		Page
SECTION 1	DEFINITIONS, ETC.	1
1.1	Certain Defined Terms	1
1.2	Other Interpretive Provisions	6
SECTION 2	COMMITMENTS OF THE BANKS; TYPES OF LOANS; BORROWING AND CONVERSION PROCEDURES	7
2.1	Commitments	7
2.2	Various Types of Loans	7
2.3	Borrowing Procedures	7
2.4	Procedures for Continuation or Conversion of Loan	8
2.5	Warranty	9
2.6	Conditions	9
2.7	Commitments Several	9
SECTION 3	NOTES EVIDENCING LOANS	10
3.1	Notes	10
3.2	Recordkeeping	10
SECTION 4	INTEREST	10
4.1	Interest Rates	10
4.2	Interest Payment Dates	10
4.3	Setting and Notice of Eurodollar Rates	11
4.4	Computation of Interest	11
SECTION 5	FEES	11
5.1	Facility Fee	11
5.2	Commitment Fee	11
5.3	Arranger and Agent's Fees	11
SECTION 6	REDUCTION OR TERMINATION OF THE COMMITMENTS; PREPAYMENTS	12
6.1	Reduction on Termination of the Commitments	12
	6.1.1 Mandatory Reductions of the Commitments	12
	6.1.2 Voluntary Reduction or Termination of the Commitments	12
	6.1.3 Reductions Pro Rata	12
6.2	Prepayments	12
	6.2.1 Mandatory Prepayments	12
6.2.2	Prepayments	12
6.2.3	All Prepayments	12
SECTION 7	MAKING AND PRORATION OF PAYMENTS; SETOFF; TAXES	13
7.1	Making of Payments	13
7.2	Application of Certain Payments	13
7.3	Due Date Extension	13
7.4	Setoff	13

7.5	Proration of Payments	14
7.6	Withholding Taxes	14
SECTION 8	INCREASED COSTS; SPECIAL PROVISIONS FOR EURODOLLAR LOANS	16
8.1	Increased Costs	16
8.2	Basis for Determining Interest Rate Inadequate or Unfair	17
8.3	Changes in Law Rendering Eurodollar Loans Unlawful	18
8.4	Funding Losses	18
8.5	Right of Banks to Fund through Other Offices	19
8.6	Discretion of Banks as to Manner of Funding	19
8.7	Mitigation of Circumstances; Replacement of Affected Bank	19
8.8	Conclusiveness of Statements; Survival of Provisions	20
SECTION 9	WARRANTIES	20
9.1	Organization, etc	20
9.2	Authorization; No Conflict	20
9.3	Validity and Binding Nature	21
9.4	Financial Information	21
9.5	No Material Adverse Change	21
9.6	Litigation	22
9.7	Solvency, etc	22
9.8	Information	22
9.9	Existing Credit Facility Warranties	22
SECTION 10	COVENANTS	22
10.1	Certain Information	22
	10.1.1 Notice of Default	22
	10.1.2 Change in Credit Rating	23
	10.1.3 Other Information	23
10.2	Use of Proceeds	23
10.3	Existing Credit Facility Covenants	23
SECTION 11	CONDITIONS OF LENDING	23
11.1	Initial Loan	23
	11.1.1 Notes	23
	11.1.2 Resolutions	23
	11.1.3 Consents, etc	24
	11.1.4 Incumbency and Signature Certificates	24
	11.1.5 Guaranty	24
	11.1.6 Opinion of Counsel for the Company and the Guarantors	24
	11.1.7 Other	24
11.2	All Loans	24
	11.2.1 No Default, etc.	24
	11.2.2 Confirmatory Certificate	24

SECTION 12	EVENTS OF DEFAULT AND THEIR EFFECT	25
12.1	Events of Default	25
12.1.1	Non-Payment of the Loans, etc	25
12.1.2	Non-Compliance with Provisions of This Agreement	25
12.1.3	Warranties	25
12.1.4	Invalidity of Guaranty, etc.	25
12.1.5	Existing Credit Facility Default	25
12.2	Effect of Event of Default	26
SECTION 13	THE AGENT	26
13.1	Appointment and Authorization; "Agent"	26
13.2	Delegation of Duties	26
13.3	Liability of Agent	27
13.4	Reliance by Agent	27
13.5	Notice of Default	28
13.6	Credit Decision	28
13.7	Indemnification of Agent	29
13.8	Agent in Individual Capacity	29
13.9	Successor Agent	29
13.10	Withholding Tax	30
SECTION 14	GENERAL	31
14.1	Waiver; Amendments	31
14.2	Confirmations	32
14.3	Notices	32
14.4	Confidentiality	32
14.5	Regulation U	33
14.6	Costs, Expenses and Taxes	33
14.7	Captions	33
14.8	Assignments; Participations	33
	14.8.1 Assignments	33
	14.8.2 Participations	35
14.9	Governing Law	36
14.10	Counterparts	36
14.11	Successors and Assigns	36
14.12	Indemnification by the Company	37
14.13	Forum Selection and Consent to Jurisdiction	37
14.14	Waiver of Jury Trial	38

SCHEDULE 1	Pricing Schedule
SCHEDULE 2.1	Commitments and Percentages
SCHEDULE 9.6	Litigation
SCHEDULE 14.3	Addresses
EXHIBIT A	Form of Notice of Borrowing (Section 2.3)
EXHIBIT B	Form of Notice of Continuation or Conversion (Section 2.4)
EXHIBIT C	Form of Note (Section 3.1)
EXHIBIT D	Form of Guaranty (Section 11.1.5)
EXHIBIT E	Form of Opinion of Snell & Smith (Section 11.1.6)
EXHIBIT F	Form of Assignment Agreement (Section 14.8)

CREDIT AGREEMENT

This CREDIT AGREEMENT, dated as of January 22, 1998 (this "Agreement"), is entered into among USA WASTE SERVICES, INC., a Delaware corporation (the "Company"), the undersigned financial institutions (together with their respective successors and assigns, collectively the "Banks" and individually each a "Bank") and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for the Banks.

In consideration of the premises and the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 DEFINITIONS, ETC.

1.1 Certain Defined Terms. The following terms shall have the following meanings:

Affected Bank means any Bank that has given notice to the Company (which has not been rescinded) of (i) any obligation by the Company to pay any amount pursuant to Section 8.1 or (ii) the occurrence of any circumstances of the nature described in Section 8.2 or 8.3.

Affected Loan - see Section 8.3.

Affiliate of any Person means any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person.

Agent means BofA, in its capacity as agent for the Banks hereunder and any successor thereto in such capacity.

Agent-Related Persons means BofA in its capacity as Agent, and any successor agent arising under Section 13.9, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

Agreement - see the Preamble.

Arranger means BancAmerica Robertson Stephens, a Delaware corporation.

Assignee - see Section 14.8.1.

Assignment Agreement - see Section 14.8.1.

Attorney Costs means and includes all reasonable fees and charges of any law firm or other external counsel and, without duplication, the reasonable allocated cost of internal legal services and all reasonable disbursements of internal counsel.

BofA means Bank of America National Trust and Savings Association, a national banking association.

Bank - see the Preamble.

Bank Party - see Section 14.12.

Base Rate means at any time the greater of (a) the Federal Funds Rate plus 0.5% and (b) the rate per annum then most recently publicly announced by BofA as its reference rate. (The "reference rate" is a rate set by BofA based upon various factors, including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate.)

Base Rate Loan means any Loan which bears interest at or by reference to the Base Rate.

Business Day means any day on which BofA is open for commercial banking business in Chicago and San Francisco and, in the case of a Business Day which relates to a Eurodollar Loan, on which dealings are carried on in the interbank eurodollar market.

Code means the Internal Revenue Code of 1986.

Commitment means, as to any Bank, such Bank's commitment to make Loans pursuant to this Agreement. The amount of each Bank's initial Commitment is set forth on Schedule 2.1.

Company - see the Preamble.

Credit Rating means the rating of the Company's public unsecured long-term senior debt, without third party credit enhancement, issued by Moody's and/or S&P; or if no public unsecured long-term senior debt is available, the rating of the Existing Credit Facility issued by Moody's and/or S&P upon the request of the Company.

Dollar and the sign "\$" mean lawful money of the United States of America.

Effective Date - see Section 11.1.

Environmental Laws means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and

guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

Eurocurrency Reserve Percentage means, with respect to any Eurodollar Loan for any Interest Period, a percentage (expressed as a decimal) equal to the daily average during such Interest Period of the percentage in effect on each day of such Interest Period, as prescribed by the Board of Governors of the Federal Reserve System (or any successor), for determining the aggregate maximum reserve requirements applicable to "Eurocurrency Liabilities" pursuant to Regulation D or any other then applicable regulation of such Board of Governors which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

Eurodollar Loan means any Loan which bears interest at a rate determined by reference to the Eurodollar Rate (Reserve Adjusted).

Eurodollar Office means with respect to any Bank the office or offices of such Bank which shall be making or maintaining the Eurodollar Loans of such Bank hereunder or, if applicable, such other office or offices through which such Bank determines the Eurodollar Rate. A Eurodollar Office of any Bank may be, at the option of such Bank, either a domestic or foreign office.

Eurodollar Rate means, with respect to any Eurodollar Loan for any Interest Period, the rate per annum at which Dollar deposits in immediately available funds are offered to the Eurodollar Office of BofA two Business Days prior to the beginning of such Interest Period by major banks in the interbank eurodollar market as at or about 10:00 a.m., Chicago time, for delivery on the first day of such Interest Period, for the number of days comprised therein and in an amount equal or comparable to the amount of the Eurodollar Loan of BofA for such Interest Period.

Eurodollar Rate (Reserve Adjusted) means, with respect to any Eurodollar Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

$$\begin{array}{l} \text{Eurodollar Rate} \\ \text{(Reserve Adjusted)} \end{array} = \begin{array}{l} \text{Eurodollar Rate} \\ \text{-----} \\ \text{1-Eurocurrency} \\ \text{Reserve Percentage} \end{array}$$

Event of Default means any of the events described in Section 12.1.

Existing Credit Facility means the Amended and Restated Revolving Credit Agreement dated as of August 7, 1997 by and among the Company, certain guarantors, various financial institutions and Morgan Guaranty Trust Company of New York, as administrative agent and documentation agent, as such Amended and Restated Credit Agreement is in effect on the date hereof (without giving effect to (a) any termination thereof or (b) any amendment thereof or waiver thereunder unless such amendment or waiver has been approved in writing by the Required Banks).

Facility Fee Rate means the rate per annum for the "Facility Fee Rate" set forth on Schedule 1 based on the applicable Credit Rating.

Federal Funds Rate means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York for the preceding Business Day under the caption "Federal Funds (Effective)". If for any day such rate is not so published for the preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m., New York City time, on such day by each of three leading brokers of Federal funds transactions in New York City, selected by the Agent.

Group - see Section 2.2.

Guarantor means Sanifill, Inc., a Delaware corporation, and United Waste Systems, Inc., a Delaware corporation.

Guaranty - see Section 11.1.5.

Hazardous Material means any hazardous, toxic or dangerous substance or material defined as such in (or for purposes of) any Environmental Law.

Indemnifiable Taxes - see Section 7.6.

Indemnified Liabilities - see Section 14.12.

Interest Period means, as to any Eurodollar Loan, the period commencing on the date such Loan is borrowed or on the date on which such Loan is converted into or continued as a Eurodollar Loan, and ending on the date one, two, three or six months thereafter as selected by the Company pursuant to Section 2.3 or 2.4, as applicable; provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless the result

of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) the Company may not select any Interest Period that would extend beyond the scheduled Termination Date.

Loans - see Section 2.1.

Loan Documents means this Agreement, the Notes and the Guaranty.

Margin means the rate per annum for the "Margin" set forth on Schedule 1 based on the applicable Credit Rating.

Margin Stock means any "margin stock" as defined in Regulation U of the Board of Governors of the Federal Reserve System.

Material Adverse Effect means a material adverse effect on (a) the financial condition, operations, business, assets or business prospects of the Company and its Restricted Subsidiaries taken as a whole or (b) the ability of the Company or any Guarantor to timely and fully perform any of its payment or other material obligations under this Agreement or any other Loan Document to which it is a party.

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

Net Cash Proceeds means, with respect to any public offering or offerings of equity or debt securities, or any private placement or placements of debt securities to financial institutions (excluding industrial revenue bonds), by the Company or any Subsidiary, the aggregate gross cash proceeds received by the Company or the applicable Subsidiary pursuant to such issuance or private placement, net of the direct costs relating to such issuance or private placement (including sales and underwriter's commissions and legal, accounting and investment banking fees).

Note - see Section 3.1.

Other Taxes - see Section 7.6.

Participant - see Section 14.8.2.

Percentage means as to any Bank the percentage which (a) the aggregate amount of such Bank's Commitment is of (b) the aggregate amount of the Commitments of all Banks. The initial Percentage for each Bank is set forth on Schedule 2.1.

Person means any natural person, corporation, partnership, trust, association, governmental authority or unit, or any other entity, whether acting in an individual, fiduciary or other capacity.

Required Banks means Banks having an aggregate Percentage of more than 50%.

S&P means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc.

Subsidiary of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests or other equity interests is owned or controlled directly or indirectly by such Person, or one or more of the Subsidiaries of such Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

Termination Date means October 22, 1998 or such earlier date on which the Commitments shall terminate pursuant to Section 6 or 12.

Type of Loan or Borrowing - see Section 2.2. The Types of Loans or borrowings under this Agreement are as follows: Base Rate Loans or borrowings and Eurodollar Loans or borrowings.

Unmatured Event of Default means any event which if it continues uncured will, with lapse of time or notice or both, constitute an Event of Default.

1.2 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of such terms.

(b) The term "including" is not limiting and means "including without limitation."

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

(e) Any reference to a Section, Schedule or Exhibit is, unless otherwise specified, a reference to a Section hereof, a Schedule hereto or an Exhibit hereto.

SECTION 2 COMMITMENTS OF THE BANKS; TYPES OF LOANS; BORROWING AND CONVERSION PROCEDURES.

2.1 Commitments. On and subject to the terms and conditions of this Agreement, each Bank, severally and for itself alone, agrees to make loans on a revolving basis ("Loans") from time to time before the Termination Date in such Bank's Percentage of such aggregate amounts as the Company may request from all Banks hereunder; provided that (i) the aggregate principal amount of all Loans which all Banks shall be committed to have outstanding at any one time shall not exceed \$200,000,000 (as such amount is reduced from time to time pursuant to Section 6.1); and (ii) the aggregate principal amount of all Loans which any Bank shall be committed to have outstanding hereunder shall not exceed the amount of such Bank's Commitment as in effect from time to time.

2.2 Various Types of Loans. Each Loan shall be either a Base Rate Loan or a Eurodollar Loan (each a "Type" of Loan), as the Company shall specify in the related notice of borrowing or conversion or continuation pursuant to Section 2.3 or 2.4. Eurodollar Loans having the same Interest Period are sometimes called a "Group" or collectively "Groups". Base Rate Loans and Eurodollar Loans may be outstanding at the same time, provided that (i) not more than five different Groups of Loans shall be outstanding at any one time and (ii) the aggregate principal amount of each Group of Eurodollar Loans shall at all times be at least \$10,000,000 and an integral multiple of \$1,000,000. All borrowings, conversions, continuations and repayments of Loans shall be effected so that each Bank will have a pro rata share (according to its Percentage) of all Types and Groups of Loans.

2.3 Borrowing Procedures. The Company shall deliver a notice in the form of Exhibit A to the Agent of each proposed borrowing not later than (a) in the case of a Base Rate borrowing, 10:00 A.M., Chicago time, on the proposed date of such

borrowing, and (b) in the case of a Eurodollar borrowing, 11:00 A.M., Chicago time, at least three Business Days prior to the proposed date of such borrowing. Each such notice shall be effective upon receipt by the Agent, shall be irrevocable, and shall specify the date, amount and Type of borrowing and, in the case of a Eurodollar borrowing, the initial Interest Period therefor. Promptly upon receipt of such notice, the Agent shall advise each Bank thereof. Not later than 1:00 p.m., Chicago time, on the date of a proposed borrowing, each Bank shall provide the Agent at the principal office of the Agent in Chicago with immediately available funds covering such Bank's Percentage of such borrowing and, subject to the satisfaction of the conditions precedent set forth in Section 11 with respect to such borrowing, the Agent shall pay over the requested amount to the Company on the requested borrowing date. Each borrowing shall be on a Business Day and shall be in an aggregate amount of at least \$10,000,000 and an integral multiple of \$1,000,000. Unless the Company shall otherwise direct in writing, the proceeds of all borrowings shall be deposited to the Company's demand deposit account no. 78-17169 maintained with BofA.

2.4 Procedures for Continuation or Conversion of Loan.

(a) Subject to the provisions of Section 2.2, the Company may, upon irrevocable written notice to the Agent in accordance with subsection (b) below,

(i) elect, as of any Business Day, to convert any Loans (or any part thereof in an aggregate amount of \$10,000,000, in the case of conversion into Eurodollar Loans, and \$1,000,000, in the case of conversion into Base Rate Loans, or in either case a higher integral multiple of \$1,000,000), into Loans of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Eurodollar Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$10,000,000 or a higher integral multiple of \$1,000,000);

provided that if at any time the aggregate amount of any Group of Eurodollar Loans is reduced, by payment, prepayment or conversion of part thereof, to be less than \$10,000,000, such Eurodollar Loans shall automatically convert into Base Rate Loans.

(b) The Company shall deliver a notice in the form of Exhibit B to the Agent of each proposed conversion or continuation not later than (i) 11:00 A.M., Chicago time, at least three Business Days in advance of the date of conversion or continuation, if the Loans are to be converted into or continued as Eurodollar Loans; and (ii) 10:00 A.M., Chicago time, on the

date of conversion, if the Loans are to be converted into Base Rate Loans, specifying:

- (A) the proposed date of conversion or continuation (which shall be a Business Day);
- (B) the aggregate amount of Loans to be converted or continued;
- (C) the Type of Loans resulting from the proposed conversion or continuation; and
- (D) in the case of a continuation of, or conversion into, Eurodollar Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Eurodollar Loans, the Company has failed to select timely a new Interest Period to be applicable to such Eurodollar Loans, the Company shall be deemed to have elected to convert such Eurodollar Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a notice of conversion or continuation pursuant to this Section 2.4, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion.

2.5 Warranty. Each notice of borrowing, continuation or conversion pursuant to Section 2.3 or 2.4 shall automatically constitute a warranty by the Company to the Agent and each Bank to the effect that on the date of such requested borrowing, continuation or conversion, no Event of Default or Unmatured Event of Default shall have then occurred and be continuing or will result therefrom.

2.6 Conditions. Notwithstanding any other provision of this Agreement, (a) no Bank shall be obligated to make any Loan and (b) no Bank shall be obligated to convert into or permit the continuation at the end of the applicable Interest Period of any Eurodollar Loan if, in any such case, an Event of Default or Unmatured Event of Default exists or would result therefrom.

2.7 Commitments Several. The failure of any Bank to make a requested Loan on any date shall not relieve any other Bank of its obligation to make a Loan on such date, but no Bank shall be responsible for the failure of any other Bank to make any Loan to be made by such other Bank.

SECTION 3 NOTES EVIDENCING LOANS.

3.1 Notes. The Loans of each Bank shall be evidenced by a promissory note (individually each a "Note" and collectively for all Banks the "Notes") substantially in the form of Exhibit C, with appropriate insertions, dated the Effective Date (or such earlier date as shall be satisfactory to the Agent), payable to the order of such Bank in an amount equal to such Bank's Commitment (or, if less, in the aggregate unpaid principal amount of all of such Bank's Loans) on the Termination Date.

3.2 Recordkeeping. Each Bank shall record in its records the date and amount of each Loan made by such Bank, each repayment or conversion thereof and, in the case of each Eurodollar Loan, the dates on which each Interest Period for such Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttable presumptive evidence of the principal amount owing and unpaid on such Bank's Note. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the obligations of the Company hereunder or under any Note to repay the principal amount of the Loans evidenced by such Note together with all interest accruing thereon.

SECTION 4 INTEREST.

4.1 Interest Rates. The Company promises to pay interest on the unpaid principal amount of each Loan for the period from the date of such Loan to the date such Loan is paid in full, as follows:

(a) at all times while such Loan is a Base Rate Loan, at a rate per annum equal to the Base Rate from time to time in effect; and

(b) at all times while such Loan is a Eurodollar Loan, at a rate per annum equal to the sum of the Eurodollar Rate (Reserve Adjusted) applicable to each Interest Period for such Loan plus the Margin from time to time in effect;

provided, however, that if any Loan is not paid when due (by acceleration or otherwise), such Loan shall thereafter bear interest at a rate per annum equal to the sum of 2% plus the greater of (i) the rate otherwise applicable to such Loan pursuant to the terms hereof and (ii) the Base Rate from time to time in effect.

4.2 Interest Payment Dates. Accrued interest on each Base Rate Loan shall be payable on the last day of each calendar quarter and at maturity, commencing with the first of such dates to occur after the date of such Loan. Accrued interest on each

Eurodollar Loan shall be payable on the last day of each Interest Period relating to such Loan (and, in the case of each Eurodollar Loan with an Interest Period in excess of three months, on each three-month anniversary of such Loan) and at maturity. After maturity, accrued interest on all Loans shall be payable on demand.

4.3 Setting and Notice of Eurodollar Rates. The applicable Eurodollar Rate for each Interest Period shall be determined by the Agent, and notice thereof shall be given by the Agent promptly to the Company and each Bank. Each determination of the applicable Eurodollar Rate by the Agent shall be conclusive and binding upon the parties hereto, in the absence of demonstrable error. The Agent shall, upon written request of the Company or any Bank, deliver to the Company or such Bank a statement showing the computations used by the Agent in determining any applicable Eurodollar Rate hereunder.

4.4 Computation of Interest. Interest on Loans bearing interest based upon BofA's reference rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days. All other interest shall be computed for the actual number of days elapsed on the basis of a year of 360 days.

SECTION 5 FEES.

5.1 Facility Fee. The Company agrees to pay to the Agent for the account of each Bank a facility fee, for the period from the date this Agreement is executed and delivered by the parties hereto to the Termination Date (or such later date on which all Loans have been repaid) at a rate per annum equal to the Facility Fee Rate from time to time in effect, on the daily average of the amount of such Bank's Commitment (whether used or unused). Such facility fee shall be payable in arrears on the last day of each calendar quarter and on the Termination Date (and thereafter on demand), in each case for the period then ending for which such facility fee shall not have been theretofore paid. The facility fee shall be computed for the actual number of days elapsed on the basis of a year of 360 days.

5.2 Commitment Fee. The Company agrees to pay to the Agent for the account of each Bank a commitment fee equal to 0.05% of the amount of such Bank's Commitment (or, if the Commitments have terminated and any Loans remain outstanding, of the principal amount of such Bank's Loans) on July 15, 1998 (it being understood that no commitment fee shall be payable if the Commitments have terminated and all Loans have been paid in full on or before such date).

5.3 Arranger and Agent's Fees. The Company agrees to pay to the Arranger and Agent such arrangement and agent's fees as

are mutually agreed upon by the Company, the Arranger and the Agent.

SECTION 6 REDUCTION OR TERMINATION OF THE COMMITMENTS;
PREPAYMENTS.

6.1 Reduction on Termination of the Commitments.

6.1.1 Mandatory Reductions of the Commitments. On any date on which the Company or any Subsidiary receives any Specified Proceeds (as defined below), the amount of the Commitments shall be reduced by an amount equal to the amount of such Specified Proceeds (rounded upward to an integral multiple of \$1,000,000). For purposes of the foregoing, "Specified Proceeds" means Net Cash Proceeds in excess of \$200,000,000 in the aggregate during the term of this Agreement.

6.1.2 Voluntary Reduction or Termination of the Commitments. The Company may from time to time on at least three Business Days' prior written notice received by the Agent (which shall promptly advise each Bank thereof) permanently reduce the amount of the Commitments to an amount not less than the aggregate unpaid principal amount of the Loans. Any such reduction shall be in an integral multiple of \$25,000,000. The Company may at any time on like notice terminate the Commitments upon payment in full of all Loans and all other obligations of the Company hereunder.

6.1.3 Reductions Pro Rata. All reductions of the Commitments shall be pro rata among the Banks according to their respective Percentages.

6.2 Prepayments.

6.2.1 Mandatory Prepayments. On any date on which the Commitments are reduced pursuant to Section 6.1.1, the Company shall make a prepayment of the Loans in an amount equal to the excess, if any, of the aggregate outstanding principal amount of the Loans over the aggregate amount of the Commitments (as so reduced).

6.2.2 Prepayments. The Company may from time to time prepay the Loans in whole or in part, provided that the Company shall give the Agent (which shall promptly advise each Bank) not less than one Business Day's prior written notice thereof, specifying the Loans to be prepaid and the date and amount of prepayment.

6.2.3 All Prepayments. Each partial prepayment of Loans shall be in a principal amount of at least \$10,000,000 and an integral multiple of \$1,000,000. Any prepayment of a Eurodollar

Loan shall include accrued interest to the date of prepayment on the principal amount being prepaid (and, if not made on the last day of an Interest Period for such Eurodollar Loan, shall be subject to Section 8.4).

SECTION 7 MAKING AND PRORATION OF PAYMENTS; SETOFF; TAXES.

7.1 Making of Payments. All payments of principal of or interest on the Loans, and of all fees, shall be made by the Company to the Agent in immediately available funds at its office in Chicago not later than noon, Chicago time, on the date due; and funds received after that hour shall be deemed to have been received by the Agent on the next following Business Day. The Company hereby authorizes the Agent to charge the Company's demand deposit account no. 78-17169 maintained with BofA for the amount of any such payment on the due date therefor, but the Agent's failure to so charge such account shall in no way affect the obligation of the Company to make any such payment. The Agent shall promptly remit to each Bank its share of all such payments received in collected funds by the Agent for the account of such Bank.

All payments under Sections 8.1 and 8.4 shall be made by the Company directly to the Bank or Banks entitled thereto.

7.2 Application of Certain Payments. Each payment of principal shall be applied to such Loans as the Company shall direct by notice to be received by the Agent on or before the date of such payment or, in the absence of such notice, as the Agent shall determine in its reasonable discretion. Concurrently with each remittance to any Bank of its share of any such payment, the Agent shall advise such Bank as to the application of such payment.

7.3 Due Date Extension. If any payment of principal or interest with respect to any of the Loans, or of any fees, falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day (unless, in the case of a Eurodollar Loan, such next following Business Day is the first Business Day of a calendar month, in which case such due date shall be the immediately preceding Business Day) and, in the case of principal, additional interest shall accrue and be payable for the period of any such extension.

7.4 Setoff. The Company agrees that the Agent and each Bank have all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, the Company agrees that at any time any Event of Default exists, the Agent and each Bank may apply to any obligations of the Company hereunder, whether or not then due, any and all balances, credits, deposits, accounts

or moneys of the Company then or thereafter with the Agent or such Bank.

7.5 Proration of Payments. If any Bank shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of principal of or interest on any Loan in excess of its pro rata share of payments and other recoveries obtained by all Banks on account of principal of and interest on Loans then held by them (other than in respect of an Affected Loan or as a result of replacement of a Bank pursuant to Section 8.7), such Bank shall purchase from the other Banks such participation in the Loans held by them as shall be necessary to cause such purchasing Bank to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Bank, the purchase shall be rescinded and the purchase price restored to the extent of such recovery.

7.6 Withholding Taxes. (a) The Company agrees that any and all payments made by the Company 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 Agent and each Bank, (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 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 are called "Indemnifiable Taxes"). If any withholding or deduction from any payment to be made by the Company hereunder is required in respect of any Indemnifiable Taxes pursuant to any applicable law, or governmental rule or regulation, then the Company will (i) direct to the relevant taxing authority the full amount required to be so withheld or deducted, (ii) forward to the Agent for delivery to the applicable Bank an official receipt or other documentation satisfactory to the Agent and the applicable Bank evidencing such payment to such taxing authority, and (iii) direct to the Agent for the account of the applicable Bank such additional amount as is necessary to ensure that the net amount actually received by such 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 Agent or any Bank with respect to any payment

received by the Agent or such Bank by reason of the Company's failure to properly deduct and withhold such Indemnifiable Taxes from such payment, the Agent or such Bank may pay such Indemnifiable Taxes and the Company will promptly pay all such additional amounts (including any penalties, interest or reasonable expenses) as are 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 no such Indemnifiable Taxes been asserted. Any such payment shall be made promptly after the receipt by the Company from the 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 Company 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 Company hereby indemnifies and holds harmless the Agent and each Bank for the full amount of Indemnifiable Taxes or Other Taxes (including any Indemnifiable Taxes or Other Taxes imposed on amounts payable under this Section 7.6) paid by the Agent 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 Company's failure to properly deduct and withhold Indemnifiable Taxes pursuant to subsection (a) above or to properly pay Other Taxes pursuant to subsection (b) above. Any indemnification payment from the Company under the preceding sentence shall be made promptly after receipt by the Company from the Agent or the applicable 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 Company pays any amount under this Section 7.6 to the Agent or any Bank and such payee knowingly receives a refund of any taxes with respect to which such amount was paid, the Agent or such Bank, as the case may be, shall pay to the Company the amount of such refund promptly following the receipt thereof by such payee.

(e) If any taxing authority notifies the Company, the Agent or any Bank that any of them has improperly failed to deduct or withhold any taxes (other than Indemnifiable Taxes) from a payment made hereunder to the Agent or any Bank, the Company shall timely and fully pay such taxes to such taxing authority.

(f) The Agent and the Banks shall, upon the request of the Company, 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 the applicable Person in its sole judgment suffering any legal, regulatory or economic disadvantage.

(g) The agreements and obligations of the Company contained in this Section 7.6 shall survive repayment of the Loans, cancellation of the Notes and the termination of this Agreement.

SECTION 8 INCREASED COSTS; SPECIAL PROVISIONS FOR EURODOLLAR LOANS.

8.1 Increased Costs. (a) If, after the date hereof, the adoption of, or any change in, any applicable 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 compliance by any Bank (or any Eurodollar Office of such Bank) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency

(A) shall subject any Bank (or any Eurodollar Office of such Bank) to any tax, duty or other charge with respect to its Eurodollar Loans, its Note or its obligation to make Eurodollar Loans, or shall change the basis of taxation of payments to any Bank of the principal of or interest on its Eurodollar Loans or any other amounts due under this Agreement in respect of its Eurodollar Loans or its obligation to make Eurodollar Loans (except for changes in the rate of tax on the overall net income of such Bank or its Eurodollar Office imposed by the jurisdiction in which such Bank's principal executive office or Eurodollar Office is located); or

(B) shall impose, modify or deem applicable any reserve (including any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of interest rates pursuant to Section 4), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Bank (or any Eurodollar Office of such Bank); or

(C) shall impose on any Bank (or its Eurodollar Office) any other condition affecting its Eurodollar Loans, its Note or its obligation to make Eurodollar Loans;

and the result of any of the foregoing is to increase the cost to (or in the case of Regulation D of the Board of Governors of the Federal Reserve System, to impose a cost on) such Bank (or any Eurodollar Office of such Bank) of making or maintaining any Eurodollar Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Eurodollar Office) under this Agreement or under its Note with respect thereto, then within 10 days after demand by such Bank (which demand shall be accompanied by a statement setting forth in reasonable detail the basis for and a calculation of the amount of such demand, a copy of which shall be furnished to the Agent), the Company shall pay directly to such Bank such reasonable additional amount or amounts as will compensate such Bank for such increased cost or such reduction.

(b) If any Bank shall reasonably determine that, after the date of this Agreement, the adoption or phase-in of, or any change in, any applicable law, rule or regulation regarding capital adequacy, 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 compliance by any Bank (or its Eurodollar Office) or any Person controlling such Bank with 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 such Bank's or such controlling Person's capital as a consequence of such Bank's obligations hereunder to a level below that which such Bank or such controlling Person could have achieved but for such adoption, change or compliance (taking into consideration such Bank's or such controlling Person's policies with respect to capital adequacy) by an amount deemed by such Bank or such controlling Person to be material, then from time to time, within 10 days after demand by such Bank (which demand shall be accompanied by a statement setting forth in reasonable detail the basis for and a calculation of the amount of such demand, a copy of which shall be furnished to the Agent), the Company shall pay to such Bank such reasonable additional amount or amounts as will fairly compensate such Bank or such controlling Person for such reduction.

8.2 Basis for Determining Interest Rate Inadequate or Unfair. If with respect to any Interest Period:

(a) deposits in Dollars (in the applicable amounts) are not being offered to the Agent in the interbank eurodollar market for such Interest Period, or the Agent otherwise reasonably determines (which determination shall, absent demonstrable error, be binding and conclusive on the Company) that by reason of circumstances affecting the interbank eurodollar market adequate and reasonable means do not exist for ascertaining the applicable Eurodollar Rate;

(b) Banks having an aggregate Percentage of 30% or more advise the Agent that the Eurodollar Rate (Reserve Adjusted) as determined by the Agent will not adequately and fairly reflect the cost to such Banks of maintaining or funding such Loans for such Interest Period (taking into account any amount to which such Banks may be entitled under Section 8.1), or that the making or funding of Eurodollar Loans has become impracticable as a result of an event occurring after the date of this Agreement which in the opinion of such Banks materially affects such Loans,

then the Agent shall promptly notify the other parties thereof and, so long as such circumstances shall continue, (i) no Bank shall be under any obligation to make or convert into Eurodollar Loans and (ii) on the last day of the current Interest Period for each Eurodollar Loan, such Loan shall, unless then repaid in full, automatically convert to a Base Rate Loan.

8.3 Changes in Law Rendering Eurodollar Loans Unlawful. If any change in (including the adoption of any new) applicable laws or regulations, or any change in the interpretation of applicable laws or regulations by any governmental or other regulatory body charged with the administration thereof, should make it (or in the good faith judgment of any Bank cause a substantial question as to whether it is) unlawful for any Bank to make, maintain or fund Eurodollar Loans, then such Bank shall promptly notify each of the other parties hereto and, so long as such circumstances shall continue, (a) such Bank shall have no obligation to make or convert into Eurodollar Loans (but shall make Base Rate Loans concurrently with the making of or conversion into Eurodollar Loans by the Banks which are not so affected, in each case in an amount equal to such Bank's Percentage of all Eurodollar Loans which would be made or converted into at such time in the absence of such circumstances) and (b) on the last day of the current Interest Period for each Eurodollar Loan of such Bank (or, in any event, on such earlier date as may be required by the relevant law, regulation or interpretation), such Eurodollar Loan shall, unless then repaid in full, automatically convert to a Base Rate Loan. Each Base Rate Loan made by a Bank which, but for the circumstances described in the foregoing sentence, would be a Eurodollar Loan (an "Affected Loan") shall remain outstanding for the same period as the Group of Eurodollar Loans of which such Affected Loan would be a part absent such circumstances.

8.4 Funding Losses. The Company hereby agrees that upon demand by any Bank (which demand shall be accompanied by a statement setting forth the basis for the calculations of the amount being claimed, a copy of which shall be furnished to the Agent) the Company will indemnify such Bank against any net loss or expense which such Bank may sustain or incur (including any net loss or expense incurred by reason of the liquidation or

reemployment of deposits or other funds acquired by such Bank to fund or maintain any Eurodollar Loan), as reasonably determined by such Bank, as a result of (a) any payment, prepayment or conversion of any Eurodollar Loan of such Bank on a date other than the last day of an Interest Period for such Loan (including any conversion pursuant to Section 8.3) or (b) any failure of the Company to borrow, prepay, continue or convert any Loan on a date specified therefor in a notice of borrowing, prepayment, continuation or conversion pursuant to this Agreement. For this purpose, all notices to the Agent pursuant to this Agreement shall be deemed to be irrevocable.

8.5 Right of Banks to Fund through Other Offices. Each Bank may, if it so elects, fulfill its commitment as to any Eurodollar Loan by causing a foreign branch or affiliate of such Bank to make such Loan, provided that in such event for the purposes of this Agreement such Loan shall be deemed to have been made by such Bank and the obligation of the Company to repay such Loan shall nevertheless be to such Bank and shall be deemed held by it, to the extent of such Loan, for the account of such branch or affiliate.

8.6 Discretion of Banks as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Bank had actually funded and maintained each Eurodollar Loan during each Interest Period for such Loan through the purchase of deposits having a maturity corresponding to such Interest Period and bearing an interest rate equal to the Eurodollar Rate for such Interest Period.

8.7 Mitigation of Circumstances; Replacement of Affected Bank.

(a) Each Bank shall promptly notify the Company and the Agent of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Bank's good faith judgment, otherwise disadvantageous to such Bank) to mitigate or avoid, (i) any obligation by the Company to pay any amount pursuant to Section 8.1 or (ii) the occurrence of any circumstances of the nature described in Section 8.2 or 8.3 (and, if any Bank has given notice of any such event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Bank shall promptly so notify the Company and the Agent). Without limiting the foregoing, each Bank will designate a different funding office if such designation will avoid (or reduce the cost to the Company of) any event described in clause (i) or (ii) of the preceding sentence and such designation will not, in such Bank's sole judgment, be otherwise disadvantageous to such Bank.

(b) At any time any Bank is an Affected Bank, the Company may replace such Affected Bank as a party to this Agreement with one or more other bank(s) or financial institution(s) reasonably satisfactory to the Agent, such bank(s) or financial institution(s) to have Commitments in such amounts as shall be reasonably satisfactory to the Agent (and upon notice from the Company such Affected Bank shall assign pursuant to an Assignment Agreement, and without recourse or warranty, its Commitment, its Loans, its Note and all of its other rights and obligations hereunder to such replacement bank(s) or other financial institution(s) for a purchase price equal to the sum of the principal amount of the Loans so assigned, all accrued and unpaid interest thereon, its ratable share of all accrued and unpaid non-use fees, any amounts payable under Section 8.4 as a result of such Bank receiving payment of any Eurodollar Loan prior to the end of an Interest Period therefor and all other obligations owed to such Affected Bank hereunder).

8.8 Conclusiveness of Statements; Survival of Provisions. Determinations and statements of any Bank pursuant to Section 8.1, 8.2, 8.3 or 8.4 shall be conclusive absent demonstrable error. Banks may use reasonable and equitable averaging and attribution methods in determining compensation under Sections 8.1 and 8.4, and the provisions of such Sections shall survive repayment of the Loans, cancellation of the Notes and any termination of this Agreement.

SECTION 9 WARRANTIES.

To induce the Agent and the Banks to enter into this Agreement and to induce the Banks to make Loans hereunder, the Company warrants to the Agent and the Banks that:

9.1 Organization, etc. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; each Subsidiary is duly organized, validly existing and in good standing under the state of its organization; the Company and each Subsidiary is duly qualified to do business in each jurisdiction where the nature of its business makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect; and the Company and each Subsidiary has full power and authority to own its property and conduct its business as presently conducted by it.

9.2 Authorization; No Conflict. The execution and delivery by the Company of this Agreement and each other Loan Document to which it is a party, the borrowings hereunder, the execution and delivery by each Guarantor of the Guaranty and the performance by each of the Company and each Guarantor of its obligations under each Loan Document to which it is a party are within the powers

of the Company and each Guarantor, have been duly authorized by all necessary action on the part of the Company and each Guarantor (including any necessary shareholder action), have received all necessary governmental approval (if any shall be required), and do not and will not (a) violate any provision of law applicable to the Company or any Subsidiary or any order, decree or judgment of any court or other government agency which is binding on the Company or any Guarantor, (b) contravene or conflict with, or result in a breach of, any provision of the Certificate of Incorporation, By-Laws, or other organizational documents of the Company or any Guarantor or of any agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding on the Company, any Guarantor or any other Subsidiary or (c) result in, or require, the creation or imposition of any lien, security interest or other encumbrance on any property of the Company, any Guarantor or any other Restricted Subsidiary.

9.3 Validity and Binding Nature. This Agreement is, and upon the execution and delivery thereof each other Loan Document to which the Company is a party will be, the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law); and the Guaranty will be, upon the execution and delivery thereof by each Guarantor, the legal, valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law).

9.4 Financial Information. The unaudited consolidated combined financial statements of the Company and its Subsidiaries at September 30, 1997, copies of which have been delivered to each Bank, have been prepared in accordance with generally accepted accounting principles (subject to the absence of footnotes and normal audit adjustments) and present fairly the consolidated financial condition of the Company and its Subsidiaries as at such date and the results of their operations for the period then ended.

9.5 No Material Adverse Change. Since the date of the financial statements described in Section 9.4, no event or events

have occurred which, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect.

9.6 Litigation. No litigation (including derivative actions), arbitration proceeding or governmental proceeding is pending or, to the Company's knowledge, threatened against the Company or any Subsidiary which is reasonably likely to have a Material Adverse Effect except as set forth in Schedule 9.6.

9.7 Solvency, etc. On the Effective Date, and immediately prior to and after giving effect to each borrowing hereunder and the use of the proceeds thereof, (a) each of the Company's and each Guarantor's assets will exceed its liabilities and (b) each of the Company and each Guarantor will be solvent, will be able to pay its debts as they mature, will own property with fair saleable value greater than the amount required to pay its debts and will have capital sufficient to carry on its business as then constituted.

9.8 Information. All written information heretofore or contemporaneously herewith furnished by the Company or any Subsidiary to the Agent or any Bank for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of the Company or any Subsidiary to the Agent or any Bank pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

9.9 Existing Credit Facility Warranties. As of the Effective Date and as of the date of each borrowing hereunder, each of the representations and warranties set forth in Sections 6.6 through 6.15 and in Section 6.18 of the Existing Credit Facility will be true and correct.

SECTION 10 COVENANTS.

Until the expiration or termination of the Commitments and thereafter until all obligations of the Company hereunder and under the other Loan Documents are paid in full, the Company agrees that, unless at any time the Required Banks shall otherwise expressly consent in writing, it will:

10.1 Certain Information. Furnish to the Agent and each Bank:

10.1.1 Notice of Default. Promptly (and in any event within one Business Day) after any officer of the Company learns of the occurrence of an Event of Default or an Unmatured Event of

Default, written notice describing the same and the steps being taken by the Company or the Subsidiary affected thereby with respect thereto.

10.1.2 Change in Credit Rating. Promptly upon the occurrence thereof, the details of any change in the Company's Credit Rating by Moody's or S&P.

10.1.3 Other Information. Promptly from time to time, such other information concerning the Company and its Subsidiaries as any Bank or the Agent may reasonably request.

10.2 Use of Proceeds. Not, and not permit any Subsidiary to, use any proceeds of any Loan for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any Margin Stock.

10.3 Existing Credit Facility Covenants. Observe and perform, and cause each applicable Subsidiary to observe and perform, each covenant set forth in Sections 7.2 through 7.15, 7.17, 8.1 through 8.6, 9.1 and 9.2 of the Existing Credit Facility as if such covenants and all related definitions, mutatis mutandis, were set forth in full herein (it being understood that each reference to the "Borrower," a "Bank," the "Banks" or the "Administrative Agent" shall be references to the Company, a Bank, the Banks and the Agent, respectively).

SECTION 11 CONDITIONS OF LENDING.

The obligation of each Bank to make any Loan is subject to the following conditions precedent:

11.1 Initial Loan. The obligation of each Bank to make its initial Loan is, in addition to the conditions precedent specified in Section 11.2, subject to the conditions precedent (and the date on which all such conditions precedent have been satisfied or waived in writing by the Banks is called the "Effective Date") that the Agent shall have received, on or prior to January 31, 1998, all of the following, each duly executed and dated the Effective Date (or such earlier date as shall be satisfactory to the Agent), in form and substance satisfactory to the Agent and the Banks, and each (except for the Notes, of which only the originals shall be signed) in sufficient number of signed counterparts to provide one for the Agent and each Bank:

11.1.1 Notes. The Notes.

11.1.2 Resolutions. Certified copies of resolutions of the Board of Directors of the Company authorizing or ratifying the execution, delivery and performance by the Company of this Agreement and the other Loan Documents to which the Company is a

party; and certified copies of resolutions of the Board of Directors of each Guarantor authorizing or ratifying the execution, delivery and performance by such Guarantor of the Guaranty.

11.1.3 Consents, etc. Certified copies of all documents evidencing any necessary corporate action, consents and governmental approvals (if any) required for the execution, delivery and performance of the Loan Documents by the Company and each Guarantor.

11.1.4 Incumbency and Signature Certificates. A certificate of the Secretary or an Assistant Secretary of the Company and each Guarantor certifying the names of the officer or officers of such entity authorized to sign the Loan Documents to which such entity is a party, together with a sample of the true signature of each such officer (it being understood that the Agent and each Bank may conclusively rely on each such certificate until formally advised by a like certificate of any changes therein).

11.1.5 Guaranty. A guaranty, substantially in the form of Exhibit D, executed by each Guarantor (the "Guaranty").

11.1.6 Opinion of Counsel for the Company and the Guarantors. The opinion of Snell & Smith, substantially in the form of Exhibit E.

11.1.7 Other. Such other documents as the Agent or any Bank may reasonably request.

11.2 All Loans. The obligation of each Bank to make each Loan is subject to the following further conditions precedent that:

11.2.1 No Default, etc. (a) No Event of Default or Unmatured Event of Default has occurred and is continuing or will result from the making of such Loan and (b) the warranties of the Company contained in Section 9 are true and correct as of the date of such requested Loan with the same effect as though made on such date (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 have not had, and could not reasonably be expected to have, a Material Adverse Effect and to the extent that such representations and warranties relate expressly and solely to an earlier date).

11.2.2 Confirmatory Certificate. If requested by the Agent or any Bank, the Agent shall have received (in sufficient counterparts to provide one to each Bank) a certificate dated the

date of such requested Loan and signed by a duly authorized representative of the Company as to the matters set out in Section 11.2.1 (it being understood that each request by the Company for the making of a Loan shall be deemed to constitute a warranty by the Company that the conditions precedent set forth in Section 11.2.1 will be satisfied at the time of the making of such Loan), together with such other documents as the Agent or any Bank may reasonably request in support thereof.

SECTION 12 EVENTS OF DEFAULT AND THEIR EFFECT.

12.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

12.1.1 Non-Payment of the Loans, etc. Default in the payment when due of the principal of any Loan; or default, and continuance thereof for five days, in the payment when due of any interest, fee or other amount payable by the Company hereunder or under any other Loan Document.

12.1.2 Non-Compliance with Provisions of This Agreement. Failure by the Company to comply with or to perform any covenant set forth in Section 10 (including any covenant from the Existing Credit Facility incorporated herein by reference); or failure by the Company to comply with or to perform any other provision of this Agreement (and not constituting an Event of Default under any of the other provisions of this Section 12) and continuance of such failure for 30 days after written notice thereof to the Company from the Agent or any Bank.

12.1.3 Warranties. Any warranty made by the Company herein is breached or is false or misleading in any material respect, or any schedule, certificate, financial statement, report, notice or other writing furnished by the Company to the Agent or any Bank is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

12.1.4 Invalidity of Guaranty, etc. The Guaranty shall cease to be in full force and effect with respect to either Guarantor, either Guarantor shall fail (subject to any applicable grace period) to comply with or to perform any applicable provision of the Guaranty, or either Guarantor (or any Person by, through or on behalf of such Guarantor) shall contest in any manner the validity, binding nature or enforceability of the Guaranty with respect to such Guarantor.

12.1.5 Existing Credit Facility Default. Any event which would constitute an "Event of Default" under (and as defined in) the Existing Credit Facility shall occur and be continuing (without regard to any waiver thereof).

12.2 Effect of Event of Default. If any Event of Default under Section 12.1.5 hereof relating to an "Event of Default" described in Section 12.1(g) or (h) of the Existing Credit Facility shall occur, the Commitments (if they have not theretofore terminated) shall immediately terminate and the Notes and all other obligations hereunder shall become immediately due and payable, all without presentment, demand, protest or notice of any kind; and, in the case of any other Event of Default, the Agent may (and upon written request of the Required Banks shall) declare the Commitments (if they have not theretofore terminated) to be terminated and/or declare all Notes and all other obligations hereunder to be due and payable, whereupon the Commitments (if they have not theretofore terminated) shall immediately terminate and/or all Notes and all other obligations hereunder shall become immediately due and payable, all without presentment, demand, protest or notice of any kind. The Agent shall promptly advise the Company of any such declaration, but failure to do so shall not impair the effect of such declaration. Notwithstanding the foregoing, the effect as an Event of Default of any event described in Section 12.1.1 or 12.1.4 or in Section 12.1(g) or (h) of the Existing Credit Agreement may be waived by the written concurrence of all of the Banks, and the effect as an Event of Default of any other event described in this Section 12 may be waived by the written concurrence of the Required Banks.

SECTION 13 THE AGENT.

13.1 Appointment and Authorization; "Agent". Each Bank hereby irrevocably (subject to Section 13.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligation arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

13.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

13.3 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

13.4 Reliance by Agent. (a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed in good faith by it 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 (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks (unless otherwise agreed, in accordance with their Percentages) 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 Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required

Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 11.1, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Bank.

13.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". The Agent will promptly notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Event of Default or Unmatured Event of Default as may be requested by the Required Banks; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Unmatured Event of Default as it shall deem advisable or in the best interest of the Banks.

13.6 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as

it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

13.7 Indemnification of Agent. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to any Agent-Related Person of any portion of the Indemnified Liabilities resulting from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive repayment of the Loans, cancellation of the Notes, the termination of this Agreement and the resignation or replacement of the Agent.

13.8 Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though BofA were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA and any Affiliate thereof shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though BofA were not the Agent.

13.9 Successor Agent. The Agent may, and at the request of the Required Banks shall, resign as Agent upon 30 days' written notice to the Company and the Banks. If the Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 13 and Sections 14.6 and 14.12 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Required Banks appoint a successor agent as provided for above.

13.10 Withholding Tax. (a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees, with and in favor of the Agent, to deliver to the Company and the Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a

condition to exemption from, or reduction of, United States withholding tax.

Each such Bank agrees to promptly notify the Company and the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the obligations of the Company to such Bank hereunder, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of such obligations. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent grants a participation in all or part of the obligations of the Company to such Bank hereunder, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the Internal Revenue Service or any other governmental authority of the United States asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective), such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligations of the Banks under this subsection shall survive repayment of the Loans, cancellation of the Notes, the termination of this Agreement and the resignation or replacement of the Agent.

SECTION 14 GENERAL.

14.1 Waiver; Amendments. No delay on the part of the Agent or any Bank in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the Notes shall in any event be effective unless the same shall be in writing and signed and delivered by Banks having an aggregate Percentage of not less than the aggregate Percentage expressly designated herein with respect thereto or, in the absence of such designation as to any provision of this Agreement or the Notes, by the Required Banks, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment, modification, waiver or consent shall (i) extend or increase the amount of the Commitments, (ii) extend the date for payment of any principal of or interest on the Loans or any fees payable hereunder, (iii) reduce the principal amount of any Loan, the rate of interest thereon or any fees payable hereunder, (iv) release any Person from its obligations under the Guaranty or (v) change the aggregate Percentage required to effect an amendment, modification, waiver or consent without, in each case, the consent of all Banks. No provisions of Section 13 shall be amended, modified or waived without the consent of the Agent.

14.2 Confirmations. The Company and each holder of a Note agree from time to time, upon written request received by it from the other, to confirm to the other in writing (with a copy of each such confirmation to the Agent) the aggregate unpaid principal amount of the Loans then outstanding under such Note.

14.3 Notices. All notices hereunder shall be in writing (including facsimile transmission) and shall be sent to the applicable party at its address shown on Schedule 14.3 or at such other address as such party may, by written notice received by the other parties hereto, have designated as its address for such purpose. Notices sent by facsimile transmission shall be deemed to have been given when sent; notices sent by mail shall be deemed to have been given three Business Days after the date when sent by registered or certified mail, postage prepaid; and notices sent by hand delivery shall be deemed to have been given when received.

14.4 Confidentiality. The Agent and the Banks shall hold all non-public information obtained pursuant to the requirements of this Agreement which has been identified as such by the Company in accordance with their customary procedures for handling confidential information of this nature and in

accordance with safe and sound banking practices and, in any event, may make disclosure on the same confidential basis as provided for herein that is reasonably required by any actual or bona fide potential transferee or participant in connection with the contemplated transfer of any Note or any participation therein or as required or requested by any governmental agency or representative thereof or pursuant to legal process; provided that, unless specifically prohibited by applicable law or court order, each of the Agent and each Bank shall promptly notify the Company of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of the Agent or such Bank by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information.

14.5 Regulation U. Each Bank represents that it in good faith is not relying, either directly or indirectly, upon any Margin Stock as collateral security for the extension or maintenance by it of any credit provided for in this Agreement.

14.6 Costs, Expenses and Taxes. The Company agrees to pay on demand (a) all reasonable out-of-pocket costs and expenses (including Attorney Costs) of the Agent and the Arranger in connection with the preparation, execution, delivery, syndication and administration of this Agreement, the other Loan Documents and all other documents provided for herein or delivered or to be delivered hereunder or in connection herewith (including any amendment, supplement or waiver to any Loan Document), and (b) all reasonable out-of-pocket costs and expenses (including Attorney Costs) incurred by the Agent, the Arranger and each Bank after an Event of Default in connection with the enforcement of this Agreement, the other Loan Documents or any such other documents. In addition, the Company agrees to pay, and to save the Agent and the Banks harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution and delivery of this Agreement, the borrowings hereunder, the issuance of the Notes or the execution and delivery of any other Loan Document or any other document provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided for in this Section 14.6 shall survive repayment of the Loans, cancellation of the Notes and any termination of this Agreement.

14.7 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

14.8 Assignments; Participations.

14.8.1 Assignments. Any Bank may, with the prior written consents of the Company and the Agent (which consents shall not

be unreasonably delayed or withheld), at any time assign and delegate to one or more commercial banks or other Persons (any Person to whom such an assignment and delegation is to be made being herein called an "Assignee"), all or any fraction of such Bank's Loans and Commitment (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Bank's Loans and of such Bank's Commitment) in a minimum aggregate amount equal to the lesser of (i) the sum of the assigning Bank's Loans and (to the extent not used) Commitment and (ii) the product of (A) \$5,000,000 multiplied by (B) a fraction, the numerator of which is the aggregate amount of the Commitments (or, if the Commitments have terminated, the outstanding principal amount of the Loans) at such time and the denominator of which is \$200,000,000; provided, however, that (a) no assignment and delegation may be made to any Person if, at the time of such assignment and delegation, the Company would be obligated to pay any greater amount under Section 8 to the Assignee than the Company is then obligated to pay to the assigning Bank under such Section; (b) no assignment and delegation may be made unless the assigning Bank is selling all of its Commitment and Loans or is retaining a Commitment or Loans in an amount equal to the product of \$10,000,000 multiplied by the fraction determined pursuant to clause (ii) (B) above; and (c) the Company and the Agent shall be entitled to continue to deal solely and directly with such Bank in connection with the interests so assigned and delegated to an Assignee until the date when all of the following conditions shall have been met:

(x) five Business Days (or such lesser period of time as the Agent and the assigning Bank shall agree) shall have passed after written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee, shall have been given to the Company and the Agent by such assigning Bank and the Assignee,

(y) the assigning Bank and the Assignee shall have executed and delivered to the Company and the Agent an assignment agreement substantially in the form of Exhibit F (an "Assignment Agreement"), together with any documents required to be delivered thereunder, which Assignment Agreement shall have been accepted by the Company and the Agent, and

(z) the assigning Bank or the Assignee shall have paid the Agent a processing fee of \$3,500.

From and after the date on which the conditions described above have been met, (I) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned and delegated to such

Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Bank hereunder, and (II) the assigning Bank, to the extent that rights and obligations hereunder have been assigned and delegated by it pursuant to such Assignment Agreement, shall be released from its obligations hereunder. Within five Business Days after the effectiveness of any assignment and delegation, the Company shall execute and deliver to the Agent (for delivery to the Assignee and the assigning Bank, as applicable) a new Note in the principal amount of the Assignee's Commitment and, if the assigning Bank has retained a Commitment hereunder, a replacement Note in the principal amount of the Commitment retained by the assigning Bank (such Note to be in exchange for, but not in payment of, the predecessor Note held by such assigning Bank). Each such Note shall be dated the effective date of such assignment. The assigning Bank shall mark the predecessor Note "exchanged" and deliver it to the Company. Accrued interest on that part of the predecessor Note being assigned shall be paid as provided in the Assignment Agreement. Accrued interest and fees on that part of the predecessor Note not being assigned shall be paid to the assigning Bank. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Note and in this Agreement. Any attempted assignment and delegation not made in accordance with this Section 14.8.1 shall be null and void.

Notwithstanding the foregoing provisions of this Section 14.8.1 or any other provision of this Agreement, any Bank may at any time assign all or any portion of its Loans and its Note to a Federal Reserve Bank (but no such assignment shall release any Bank from any of its obligations hereunder).

14.8.2 Participations. Any Bank may, with the prior written consent of the Company (which consent shall not be unreasonably delayed or withheld), at any time sell to one or more commercial banks or other Persons participating interests in any Loan owing to such Bank, the Note held by such Bank, the Commitment of such Bank or any other interest of such Bank hereunder (any Person purchasing any such participating interest being herein called a "Participant"). In the event of a sale by a Bank of a participating interest to a Participant, (x) such Bank shall remain the holder of its Note for all purposes of this Agreement, (y) the Company and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations hereunder and (z) all amounts payable by the Company shall be determined as if such Bank had not sold such participation and shall be paid directly to such Bank. No Participant shall have any direct or indirect voting rights hereunder except with respect to any of the events described in the penultimate sentence of Section 14.1. Each Bank agrees to incorporate the requirements of the preceding sentence into each participation agreement which such Bank enters into with any

Participant. The Company agrees that if amounts outstanding under this Agreement and the Notes are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement; provided that such right of setoff shall be subject to the obligation of each Participant to share with the Banks, and the Banks agree to share with each Participant, as provided in Section 7.5. The Company also agrees that each Participant shall be entitled to the benefits of Section 8 as if it were a Bank (provided that no Participant shall receive any greater compensation pursuant to Section 8 than would have been paid to the participating Bank if no participation had been sold).

14.9 Governing Law. This Agreement and each Note shall be a contract made under and governed by the laws of the State of Illinois applicable to contracts made and to be fully performed in such State. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of the Company and rights of the Agent and the Banks expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law.

14.10 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. When counterparts executed by all of the parties hereto shall have been lodged with the Agent (or, in the case of any Bank as to which an executed counterpart shall not have been so lodged, the Agent shall have received confirmation from such Bank of execution of a counterpart hereof by such Bank), this Agreement shall become effective as of the date hereof, and at such time the Agent shall notify the Company and each Bank.

14.11 Successors and Assigns. This Agreement shall be binding upon the Company, the Banks and the Agent and their respective successors and assigns, and shall inure to the benefit of the Company, the Banks and the Agent and the permitted successors and assigns of the Banks and the Agent. The Company may not assign any of its rights or obligations hereunder without the prior written consent of all Banks.

14.12 Indemnification by the Company.

(a) In consideration of the execution and delivery of this Agreement by the Agent and the Banks and the agreement to extend the Commitments provided hereunder, the Company hereby agrees to indemnify, exonerate and hold the Agent-Related Persons, each Bank and each of their respective officers, directors, employees and agents (collectively the "Bank Parties" and individually each a "Bank Party") free and harmless from and against any and all actions, claims, judgments, causes of action, suits, losses, liabilities, damages, penalties and expenses, including Attorney Costs (collectively the "Indemnified Liabilities"), incurred by the Bank Parties or any of them as a result of, or arising out of, or relating to (i) any tender offer, merger, purchase of stock, purchase of assets or other similar transaction financed or proposed to be financed in whole or in part, directly or indirectly, with the proceeds of any of the Loans or (ii) the execution, delivery, performance or enforcement of this Agreement or any other Loan Document by any of the Bank Parties, except for any such Indemnified Liabilities arising on account of such Bank Party's bad faith, gross negligence or willful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. Nothing set forth above shall be construed to relieve any Bank Party from any obligation it may have under this Agreement.

(b) Without limiting the provisions of clause (a) above, the Company agrees to reimburse each Bank Party against any and all Indemnified Liabilities which any Bank Party may pay, incur or become subject to arising out of or relating to the use, handling, release, emission, discharge, transportation, storage, treatment or disposal of any Hazardous Material at any real property owned or leased by the Company or any Subsidiary or used by the Company or any Subsidiary in its business or operations, except to the extent caused by the acts or omissions of such Bank Party.

(c) All obligations provided for in this Section 14.12 shall survive repayment of the Loans, cancellation of the Notes and any termination of this Agreement.

14.13 FORUM SELECTION AND CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY

BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH OF THE COMPANY, THE AGENT AND EACH BANK HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH OF THE COMPANY, THE AGENT AND EACH BANK FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE COMPANY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE COMPANY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

14.14 WAIVER OF JURY TRIAL. EACH OF THE COMPANY, THE AGENT AND EACH BANK HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Delivered at Chicago, Illinois, as of the day and year first above written.

USA WASTE SERVICES, INC.

By /s/ RONALD H. JONES

Title Vice President and Treasurer

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Agent

By /s/ JAY McKEOWN

Title Assistant Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,
as a Bank

By /s/ [ILLEGIBLE]

Title Senior Vice President

THE BANK OF NOVA SCOTIA

By /s/ M. D. SMITH

Title Agent

CANADIAN IMPERIAL BANK OF COMMERCE

By /s/ TIMOTHY DOYLE

Title Managing Director

COMERICA BANK

By /s/ R. M. GOLDSMITH III

Title Vice President

DEUTSCHE BANK AG, New York Branch
and/or Cayman Islands Branch

By /s/ JEAN M. HANNIGAN

Title Vice President

By /s/ NORMAN S. AMMOTH

Title Vice President

CHASE BANK OF TEXAS, N.A.

By /s/ MICHAEL ANDEUCT

Title Vice President

TORONTO DOMINION (TEXAS), INC.

By /s/ NEVA NESBITT

Title Vice President

WACHOVIA BANK, N.A.

By /s/ STEVEN M. JAKIN

Title Vice President

USA WASTE SERVICES, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS, EXCEPT RATIOS)
(UNAUDITED)

	Three Months Ended March 31,	
	1998	1997
Income before income taxes	\$ 201,604	\$ 96,916
Fixed charges deducted from income:		
Interest expense	38,368	16,098
Implicit interest in rents	4,167	1,571
	42,535	17,669
Earnings available for fixed charges	\$ 244,139	\$ 114,585
Interest expense	\$ 38,368	\$ 16,098
Capitalized interest	6,306	5,814
Implicit interest in rents	4,167	1,571
Total fixed charges	\$ 48,841	\$ 23,483
Ratio of earnings to fixed charges	5.0 x	4.9x

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF USA WASTE SERVICES, INC. FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

	3-MOS	
	DEC-31-1998	
	JAN-31-1998	
	MAR-31-1998	
		46,260,000
		0
		513,890,000
		(45,271,000)
		0
		676,287,000
		5,547,285,000
		(945,712,000)
		7,589,405,000
498,377,000		3,584,887,000
		0
		0
		2,198,000
		2,772,924,000
7,589,405,000		769,440,000
		769,440,000
		397,492,000
		565,518,000
		(36,050,000)
		0
		36,368,000
		201,604,000
		80,642,000
120,962,000		0
		0
		0
		120,962,000
		0.55
		0.52