

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-12154

USA WASTE SERVICES, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

73-1309529  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

5400 LBJ FREEWAY, SUITE 300 -- TOWER ONE  
DALLAS, TEXAS  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

75240  
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (214) 383-7900

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS

NAME OF EACH EXCHANGE ON WHICH REGISTERED

Common Stock, \$.01 par value

New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant at February 29, 1996, was approximately \$1,027,472,999. The aggregate market value was computed by using the closing price of the stock as

of that date on the New York Stock Exchange. (For purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

The number of shares of Common Stock, \$.01 par value, of the Registrant outstanding at March 14, 1996, was 65,906,973.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT	INCORPORATED AS TO
Joint Proxy Statement and Prospectus for the 1996 Annual Meeting of Shareholders	Part III

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PART I

ITEM 1. BUSINESS.

GENERAL

USA Waste Services, Inc. ("USA Waste" or the "Company") is the fourth largest integrated solid waste management company in North America and serves the full spectrum of municipal, commercial, industrial (roll-off), and residential customers in 21 states. The Company's solid waste management services include collection, transfer, and disposal operations and, to a lesser extent, recycling and certain other waste management services. USA Waste owns or operates 29 landfills, 22 transfer stations, and 44 collection operations and serves more than 500,000 customers. The Company has a diversified customer base with no single customer accounting for more than 5% of the Company's revenue or income from continuing operations during 1995. The Company employs approximately 2,500 persons.

The terms "USA Waste" and the "Company" refer to USA Waste Services, Inc., a Delaware corporation incorporated on April 28, 1995, to become the successor company of USA Waste Services, Inc., an Oklahoma corporation organized in 1987, and include its predecessors, subsidiaries, and affiliates, unless the context requires otherwise. USA Waste's executive offices are located at 5400 LBJ Freeway, Suite 300, Tower One, Dallas, Texas 75240, and its telephone number is 214-383-7900.

Of the Company's revenues for the year ended December 31, 1995, approximately 51.9% was attributable to collection operations, approximately 31.9% was attributable to landfill operations, approximately 10.2% was from transfer operations, and approximately 6.0% from other operations. The Company's average landfill volume for the year ended December 31, 1995, was approximately 23,400 tons per day.

INDUSTRY BACKGROUND

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

One of the principal forces driving consolidation within the solid waste management industry is increased regulation and enforcement of collection and disposal activities. In October 1991, the Environmental Protection Agency ("EPA") adopted new regulations pursuant to Subtitle D of the Resource Conservation and Recovery Act governing the disposal of solid waste. These regulations led to a variety of requirements applicable to landfill disposal sites, including the construction of liners and the installation of leachate

collection systems, groundwater monitoring systems, and methane gas recovery systems. The regulations also required enhanced control systems to monitor more closely the waste streams being disposed of at the landfills, extensive post-closure monitoring of sites, and financial assurances that landfill operators will be able to comply with the stringent regulations. The result of these regulatory requirements has been increased costs throughout the various segments of the industry, with particularly significant increases for landfill operators.

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

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

#### STRATEGY

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

- - Increasing productivity and operating efficiencies in existing and acquired operations. The Company seeks to increase productivity, achieve administrative and operating efficiencies and improve profitability in existing operations and acquired businesses, with the objective of becoming the low cost operator in each of its markets. Measures taken by the Company in this connection include consolidating and implementing uniform administrative and management systems, restructuring and consolidating collection routes, improving equipment utilization and increasing employee productivity through incentive compensation and training programs. The Company's management believes that its ability to serve markets as a low cost operator is fundamental to achieving sustainable internal growth and to realizing the benefits of its acquisition strategy.
- - Increasing revenues and enhancing profitability through tuck-in acquisitions. The Company continually seeks to expand its services through the acquisition of additional solid waste management businesses and operations that can be effectively integrated with the Company's existing operations. These acquisitions typically involve adding collection operations, transfer stations or landfills that are complementary to existing operations and that permit the Company to implement operating efficiencies and increase asset utilization.
- - Expanding into new markets through acquisitions. The Company pursues acquisitions in new markets where the Company believes it can strengthen its overall competitive position as a national provider of integrated solid

waste management services and where opportunities exist to apply the Company's operating and management expertise to enhance the performance of acquired operations.

The Company materially expanded its operations and markets with its acquisition of Chambers Development Company, Inc. ("Chambers") on June 30, 1995 (the "Chambers Merger"). With the addition of the Chambers' operations, which included significant landfill capacity as well as collection and transfer station operations, the Company established its presence in the Mid-Atlantic and southeastern regions of the United States. The Chambers Merger provided the Company the opportunity to capitalize on the substantial investment made by Chambers in the permitting, design and construction of its landfills. The Company has taken a variety of steps to increase waste flows and improve efficiencies of Chambers' collection and landfill operations, including the completion of recent acquisitions that complement existing Chambers operations, implementing various routing and other operating efficiencies and attracting additional customers. The Company has also undertaken to reduce overhead and operating costs and increase employee productivity. In this connection, the Company has closed the Chambers corporate headquarters in Pittsburgh, Pennsylvania, relocated two regional offices of Chambers to existing facilities of the Company and implemented headcount reductions. Additionally, the Company is

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implementing incentive compensation programs for Chambers employees where such programs were not previously available.

Since the Chambers Merger, the Company has continued to expand its operations and revenue base through a series of smaller acquisitions that complemented and expanded the Company's operations. During the last six months of 1995, the Company completed ten additional acquisitions resulting in the addition of three landfills, ten collection operations, and nine transfer stations. These acquired operations are based in Arkansas, Georgia, Missouri, New Jersey, Pennsylvania, Texas, and Virginia.

On December 18, 1995, USA Waste entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire Western Waste Industries ("Western"), a California corporation, through a merger transaction ("Western Merger"). The Western Merger is subject to, among other conditions, approval of both companies' stockholders. It is anticipated that the Western Merger will be completed in April 1996 and that it will be accounted for as a pooling of interests. The Merger Agreement provides that on the effective date of the Western Merger, USA Waste will issue 1.5 shares of its Common Stock for every share of Western's common stock outstanding (other than shares owned by USA Waste). USA Waste expects to issue approximately 21.4 million shares of Common Stock and assume options under Western's stock option plans equivalent to approximately 5.2 million underlying USA Waste shares of Common Stock in connection with the Western Merger. Following the Western Merger, the Company's Board of Directors will be expanded from 9 to 12 members and will include nominees of both USA Waste and Western.

Western provides integrated solid waste services in the United States, with operations or properties at the end of 1995 in California, Texas, Louisiana, Florida, Colorado and Arkansas. Western has over 90 municipal and regional authority contracts and serves over 785,000 customers. As part of its business, Western operates six landfills, three transfer stations and five recycling facilities. For its fiscal year ended June 30, 1995, Western had operating revenues of \$270,941,000 and income from continuing operations of \$17,089,000. As a result of the Western acquisition, the Company will become the third largest integrated solid waste management company in North America.

The Company's business is subject to extensive federal, state, and local regulation and legislative initiative. Further, in some states and municipalities, its business is subject to environmental regulation, mandatory recycling laws, prohibitions on the deposit of certain waste in landfills, and

restrictions on the flow of solid waste. Because of continuing public awareness and influence regarding the collection, transfer, and disposal of waste and the preservation of the environment, and uncertainty with respect to the enactment and enforcement of future laws and regulations, the Company can not always accurately predict the impact any future regulation or law may have on its operations. See "Regulation" and "Legal Proceedings" for additional information.

## OPERATIONS

USA Waste provides collection, transfer, recycling, disposal, soil remediation, and medical and special waste incineration services to municipal, commercial, industrial and residential customers in 21 states.

Management of USA Waste's solid waste operations is achieved through a divisional alignment that currently includes five regions/divisions organized by geographic area. Each region/division is headed by a regional vice president ("RVP") or divisional vice president ("DVP"). Each RVP/DVP is responsible for the oversight of the following departments: sales and marketing, administration and financial, operations, and maintenance. In addition, each RVP/DVP typically has a small staff that works interactively with the corporate office to ensure proper regulatory compliance and reporting, engineering services, internal and external development, and strategic planning. Geographically, a region/division

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generally encompasses a multi-state area and may have a concentration from five to 25 districts. Regions/divisions are divided into districts headed by a district manager. Each district manager is responsible for the day-to-day oversight of the district's field operations, with direct responsibility for customer satisfaction, employee motivation, labor and equipment productivity, internal growth, financial budgets, and profit and loss activity. A district generally encompasses a city, county or metropolitan area.

USA Waste's current strategy with respect to the acquisition of landfill and collection operations calls for decentralized management controls. Each collection operation or district maintains its own computer operations and collection service functions utilizing uniform programs and systems. These local computer operations are linked to USA Waste's corporate office and are integrated with a centralized corporate financial reporting system.

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

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

Prior to the Chambers Merger, Chambers had invested substantial capital to develop landfills in compliance with strict environmental standards. Development activities included site selection and site feasibility studies, environmental assessments (including hydrological and geological reviews), land acquisition, engineering and design work for the site as a whole, and the design and construction of the landfill infrastructure. The infrastructure consists of roadway or rail access systems, initial clearing and site preparation systems. A large portion of the infrastructure expenditures with respect to each site is nonrecurring and required only at the initial phase in order to prepare the site for the receipt of waste and to support the operation of the landfill throughout its useful life.

USA Waste currently owns and operates 28 non-hazardous solid waste landfills and operates one municipal landfill. Of the 29 landfills owned or operated by USA Waste, the average remaining life based on remaining permitted capacity and current average monthly disposal volumes is approximately 21 years.

Collection. Solid waste collection is provided under two primary types of arrangements depending on the customer being served. Commercial and industrial collection services are generally performed under one to three-year service agreements, and fees are determined by such factors as collection frequency, type of collection equipment furnished by USA Waste, the type and volume or weight of the waste collected, and the distance to the disposal facility and cost of disposal. Most residential solid waste collection services are performed under contracts with, or franchises granted by, municipalities or regional authorities that have granted USA Waste exclusive rights to service all or a portion of the homes in their

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respective jurisdictions. Such contracts or franchises usually range in duration from one to five years. Recently, some municipalities have requested bids on their residential collection contracts based on the volume of waste collected. Residential collection fees are either paid by the municipalities from their tax revenues or service charges or are paid directly by the residents receiving the service.

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

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

USA Waste operates collection operations in approximately 44 locations in 15 states. Of the foregoing 44 locations, 28 collection operations are integrated with landfills owned by the Company. On an overall basis, Company collection operations deliver approximately 46% of collected waste to landfills owned or operated by the Company. In the remaining markets, the waste collected is delivered to a municipal, county or privately owned, unaffiliated landfill or transfer station.

Transfer Stations. A transfer station is a facility located near residential and commercial collection routes where solid waste is received from collection vehicles and then transferred to and compacted in large,

specially-constructed trailers for transportation to disposal facilities. This consolidation reduces costs by improving utilization of collection personnel and equipment. Fees are generally based on such factors as the type and volume or weight of the waste transferred and the transportation distance to disposal sites. USA Waste owns or operates 22 transfer stations. Of the 22 transfer stations owned or operated by the Company, 19 transfer some or all of the waste received to a landfill owned or operated by the Company.

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

USA Waste operates curbside recycling programs in connection with its residential collection operations in a number of markets and in association with a number of its transfer stations. Fees are determined by such considerations as market factors, frequency of collection, the type and volume or weight of recycled material, the distance the recycled material must be transported, and the value of the recycled material. USA Waste also owns a 25% interest in Automated Recycling Technologies, Inc. which operates two recycling and sorting facilities in Ocean County, New Jersey. Through its subsidiary Waste Recovery Corporation, USA Waste also arranges for the sale of recycled materials in bulk by waste collection companies, including USA Waste, to the end-users of such materials. Overall, however, USA Waste is not materially affected financially by fluctuations in commodity pricing.

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Other. The Company owns and operates two soil remediation facilities in Pennsylvania serving the greater Philadelphia metropolitan area, New Jersey, and Southern New York. For a fee, contaminated soil is delivered to a remediation facility and heated in a furnace under a carefully controlled process to remove the contaminants. The decontaminated soil is then picked up by the owner or sold to third parties as a clean soil product for a variety of uses. In addition, the Company owns and operates a medical, special and municipal waste incineration facility in South Carolina which is permitted to incinerate 200 tons per day of medical waste, municipal solid waste and other approved non-hazardous special wastes. State legislation, however, currently restricts the facility's permitted incineration capacity to the greater of (i) 50 tons per day of medical waste or (ii) on a monthly basis, 1/12 of the estimated amount of medical waste generated within the State of South Carolina within one year.

#### COMPETITION

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

The Company competes for landfill business on the basis of tipping fees, geographical location, and quality of operations. The Company's ability to obtain landfill business may be limited by the fact that some major collection



companies also own or operate landfills, to which they send their waste. The Company competes for collection accounts primarily on the basis of price and the quality of its services. Intense competition is encountered for both quality of service and pricing. From time to time, competitors may reduce the price of their services and accept lower profit margins in an effort to expand or maintain market share or to win competitively bid contracts.

The Company provides residential collection services under a number of municipal contracts. As is the case in the industry, such contracts come up for competitive bidding periodically and there is no assurance that the Company will be the successful bidder and will be able to retain such contracts. If the Company is unable to replace any contract lost through the competitive bidding process with a comparable contract within a reasonable time period or to use any surplus equipment in other service areas, the earnings of the Company could be adversely affected. However, during 1995, no one commercial customer or municipal contract accounted for more than 5% of the total revenue of the Company. As the Company continues to grow, the loss of any one contract will have less of an impact on the Company's operations as a whole.

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

#### PRICING

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

#### EMPLOYEES

At December 31, 1995, the Company had approximately 2,500 full-time employees, of which approximately 430 were employed in clerical, administrative, and sales positions, 90 in management, and the balance in collection, transfer, remediation, and disposal operations. Approximately 595 of the Company's employees at 16 operating locations are covered by collective bargaining agreements. The Company has not experienced a work stoppage, and management considers its employee relations to be good.

#### INSURANCE AND FINANCIAL ASSURANCE OBLIGATIONS

The Company carries a broad range of insurance coverages, which management considers prudent for the protection of the Company's assets and operations. The casualty coverages currently include \$2 million primary commercial general liability and \$1 million primary automobile liability supported by \$100 million in umbrella insurance protection. The property policy provides insurance coverage for all of the Company's real and personal property.

The Company maintains workers' compensation insurance in accordance with

laws of the various states in which it has employees. The Company also currently has an environmental impairment liability ("EIL") insurance policy for its landfills and transfer stations that provides coverage for property damages and/or bodily injuries to third parties caused by off-site pollution emanating from such landfills or transfer stations. This policy provides \$5 million of coverage per incident with a \$10 million aggregate limit. To date, the Company has not had any difficulty in obtaining insurance. However, if the Company in the future is unable to obtain adequate insurance, or decides to operate without insurance, a partially or completely uninsured claim against the Company, if successful and of sufficient magnitude, could have a material adverse effect upon the Company's business or its financial condition. Additionally, continued availability of casualty and EIL insurance with sufficient limits at acceptable terms is an important aspect of obtaining revenue-producing waste service contracts.

Municipal and governmental waste management contracts typically require performance bonds or bank letters of credit to secure performance. In addition, the Company is required to provide financial assurance for closure and post-closure obligations with respect to many of its landfills. The Company has not experienced difficulty in obtaining performance bonds or letters of credit for its current operations. At December 31, 1995, the Company had provided to municipalities and other customers and various regulatory authorities surety bonds of approximately \$134,600,000 and letters of credit of approximately \$32,400,000 to secure its obligations, exclusive of letters of credit enhancing industrial revenue bonds of approximately \$82,250,000. Continued availability of surety bonds and letters of credit in sufficient amounts at acceptable rates is an important aspect of obtaining additional municipal collection contracts or obtaining or retaining landfill operating permits.

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## REGULATION

### General -- Potential Adverse Effect of Government Regulations

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

The development, expansion, and operation of landfills, transfer stations, and other disposal and remediation facilities are subject to extensive regulations governing siting, design, operations, monitoring, site maintenance, corrective actions, financial assurance, and closure and post-closure obligations. In order to construct, expand, and operate a landfill, transfer station, or soil remediation facility, the Company must obtain and maintain one or more construction or operating permits and licenses and, in certain instances, applicable zoning approvals. Obtaining the necessary permits and approvals in connection with the acquisition, development, or expansion of a landfill, transfer station, or soil remediation facility is difficult, time-consuming (often taking two to three years or more), and expensive, and is frequently opposed by local citizen and/or environmental groups. Once obtained, operating permits are subject to modification and revocation by the issuing agency. Compliance with current and future regulatory requirements may require the Company, as well as others in the waste management industry, from time to time, to make significant capital and operating expenditures.

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

International, federal, state, and local governments have also from time to

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

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

As a result of changing government and public attitudes in the area of environmental regulation and enforcement, management anticipates that continually changing requirements in health, safety and environmental protection laws will require the Company and others engaged in the solid waste management industry to continually modify or replace various facilities and alter methods of operation at costs that may be substantial. Most of the Company's expenditures incurred in the operation of its landfills relate to complying with the requirements of laws concerning the environment. These expenditures relate to facility upgrades, corrective actions, and facility closure and post-closure care. The majority of these expenditures are made in the normal course of the Company's business and neither materially adversely affect the Company's earnings nor place the Company at any competitive disadvantage. The Company has not expended any material amount to remedy potential impact to the public or the environment. Although the Company, to the best of its knowledge, is currently in compliance in all material respects with all applicable federal, state and local laws, permits, regulations and orders affecting its operations, there is no assurance that the Company will not have to expend substantial amounts for such actions in the future.

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

## Federal Regulation

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

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

Subtitle D of RCRA establishes a framework for federal, state, and local government cooperation in controlling the management of non-hazardous solid wastes. While the role of the EPA is to provide overall regulatory direction, the actual planning and implementation of solid waste programs under Subtitle D are largely state and local functions. In October 1993, the EPA adopted regulations under Subtitle D with respect to solid waste disposal facility criteria, which include location standards, hydrogeological investigations, facility design requirements (including liners and leachate collection systems), enhanced operating and control criteria, groundwater and methane gas monitoring, corrective action standards, closure and extended post-closure requirements, and financial assurance standards, many of which have not commonly been in place or enforced at landfills. All Subtitle D regulations are in effect, except for groundwater monitoring requirements, which will be phased in over a period of five years ending October 9, 1996, and financial responsibility requirements, which were to take effect in April 1997 although many states have already implemented financial assurance programs. These federal regulations must be implemented by the states, although states may impose requirements for landfill sites that are more stringent than the federal Subtitle D standards. Once a state has an approved program, it will review all existing landfill permits to ensure that they comply with the new regulations. Although the

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states were required to submit proposed permitting programs designed to implement the Subtitle D regulations to the EPA by April 1993, some states have not submitted their programs to the EPA and others have not fully completed their implementation. Because the new regulations did not take effect until late 1993 and have not been fully implemented by the states, their full impact may not be apparent for several years. The Company could incur significant costs in complying with such regulations; however, the Company does not believe that such enhanced standards will have a material adverse effect on its operations. All of the Company's planned landfill expansions will be engineered to meet or exceed these requirements.

(2) The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"). CERCLA, among other things, provides for the cleanup of sites from which there is a release or threatened release of a hazardous substance into the environment. CERCLA imposes joint and several liability for the costs of cleanup and for damages to natural resources upon the present and former owners or operators of facilities or sites (including a contract carrier who has accepted a hazardous substance for transportation during such transportation) from which there is a release or threatened release of hazardous substances (former owners and operators are liable only to the extent the release, and sometimes disposal, occurred during their period of ownership.) Waste generators and transporters are also strictly liable. Under the authority of CERCLA and its implementing regulations, detailed requirements apply to the manner and degree of remediation of facilities and sites where hazardous substances have been or are threatened to be released into the environment.

Liability under CERCLA is not dependent upon the intentional disposal of "hazardous wastes," as defined under RCRA. It can be founded upon the release or threatened release, even as a result of lawful, unintentional, and non-negligent

action, of any one of more than 700 "hazardous substances," including very small quantities of such substances. CERCLA requires the EPA to establish a National Priorities List ("NPL") of sites at which hazardous substances have been or are threatened to be released and which require investigation or cleanup. More than 20% of the sites on the NPL are solid waste landfills that ostensibly never received any regulated "hazardous wastes." Thus, even if the Company's landfills have never received "hazardous wastes" as such, it is likely that one or more hazardous substances have come to be located at its landfills. Because of the extremely broad definition of "hazardous substances," the same is true of other industrial properties with which the Company or its predecessors has been, or with which the Company may become, associated as an owner or operator. Consequently, if there is a release or threatened release of such substances into the environment from a site currently or previously owned or operated by the Company, the Company could be liable under CERCLA for the cost of removing such hazardous substances at the site, remediation of impacted soil or groundwater, and for damages to natural resources, even if those substances were deposited at the Company's facilities before the Company acquired or operated them. The costs of a CERCLA cleanup can be very substantial. Given the limited amount of environmental impairment liability insurance maintained by the Company, a finding of such liability could have a material adverse impact on the Company's business and financial condition. Although the Company maintains environmental impairment liability insurance in amounts the Company believes are compliant with state and federal requirements, these coverages might be insufficient to cover a significant CERCLA mandated cleanup.

USA Waste would not be liable under CERCLA for the cleanup of a disposal site containing hazardous wastes transported to such site by USA Waste so long as the site was selected by the generator of such waste. However, USA Waste would be responsible during actual transportation for any hazardous waste. Also, USA Waste could be liable under CERCLA for off-site environmental contamination caused by the release of pollutants or hazardous substances at sites to which USA Waste, or a waste transporter acquired by USA Waste, arranged for the disposal site. CERCLA imposes liability for certain environmental response measures upon transporters who arranged for the disposal site at which the

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release or threatened release of hazardous substances occurred. It therefore is common in the solid waste transport business to receive information requests from EPA about transporting activities to third party disposal sites. USA Waste has received potentially responsible party information requests regarding third party disposal sites. The environmental agencies or other potentially responsible parties could assert that USA Waste is liable for environmental response measures arising out of disposal at a site arranged for by USA Waste, a waste transporter acquired by USA Waste or with whom USA Waste contracted.

The U.S. Congress may consider reauthorization revision of CERCLA in 1996. In addition to possible changes in the statute's funding mechanisms and provisions for allocating cleanup responsibility, Congress may also fundamentally alter the statute's provisions governing the selection of appropriate site cleanup remedies. In this regard, current new approaches to cleanup and removal, and treatment of remediation wastes may be adopted which rely on nationally or site-specific risk based standards. These types of policy changes could significantly affect the stringency and extent of site remediation, the types of remediation techniques employed, and the degree to which permitted hazardous waste management facilities will be used for remediation of waste. Congress may additionally consider revision of the liability imposed by CERCLA on current owners of property for contamination caused prior to a party's acquisition of the site. This consideration could reduce the remediation obligations of the Company for remediation obligations under CERCLA.

The EPA's primary way of determining whether a site is to be included on the NPL is the Hazard Ranking System, which evaluates the relative potential for uncontrolled hazardous substances to pose a threat to human health or the environment pursuant to a scoring system based on factors grouped into three

factor categories: (1) likelihood of release, (2) waste characteristics, and (3) targets. As of December 1989, the EPA had proposed or identified approximately 30,000 sites for preliminary assessment (including approximately 6,500 solid waste landfills). These sites are compiled on the Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) list. The identification of a site on the CERCLIS list indicates only that the site has been brought to the attention of the EPA and does not necessarily mean that an actual health or environmental threat currently exists or has ever existed. Like many of the landfills in the State of Illinois the Company's Countryside and Leroy Brown landfills were placed on the CERCLIS list.

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

The Company's records indicate that in 1977 and 1978, the Leroy Brown landfill in Macomb, Illinois accepted 40 drums of material that would now be classified as hazardous waste, and a small quantity of hazardous waste was accepted by the landfill between 1987 and 1989. A screening site inspection was performed by the Illinois Environmental Protection Agency ("IEPA") in 1989. That inspection and further testing disclosed the presence of minimal contamination of groundwater beneath the landfill. At this time, neither the EPA nor the IEPA has recommended or required any remedial action, beyond normal closure and post-closure monitoring, on the part of the Company with respect to any hazardous substance present at the disposal facility. However, because of the acceptance of the drums and the limited amount of hazardous waste at the site, the IEPA could demand that the Company obtain a permit for a hazardous waste facility. The process of securing this permit could take several years and could

result in significant expenditures. The IEPA could also require the Company to develop and execute a closure and post-closure plan, which is separate and apart from the plan already approved by the IEPA for the non-hazardous landfill. The costs of developing and executing a new closure and post-closure plan are dependent, in part, on the area of the existing site that would be required to be closed and monitored as a hazardous waste facility and are uncertain at this time.

In November 1993, a subsidiary of the Company acquired Kitsap County Sanitary Landfill, Inc. ("KCSL"), which owns the Olympic View landfill. Landfill operations at the Olympic View landfill began in the 1960s, at which time the site was known as the "Barney White" site. The Barney White site was closed in 1985 after reaching its capacity. A flexible membrane liner was installed in late 1991, as an enhancement to the existing natural soil cap, in order to minimize the production of leachate following detection of a small amount of hazardous materials in groundwater monitoring wells. The Company believes that it can avoid costly remediation through the maintenance of the cap on the old site, the design of an appropriate monitoring program and the institution of a program of controls at the site, which should prevent harmful leaching.

In addition, from May 1979 to May 1994, KCSL operated the Hansville County landfill under a lease agreement with Kitsap County, Washington. Under the agreement, KCSL was required to operate the landfill until 1989, when the operation was replaced by a transfer station. The lease agreement did not include provisions relating to closure costs and post-closure monitoring. However, KCSL funded the closure costs and, at the request of the landfill-permitting agency, implemented certain measures in response to minor

groundwater contamination detected near the site. The Company believes KCSL has met its obligations by implementing such measures. There can be no assurance, however, that state or federal environmental authorities will not require KCSL to finance additional investigation or remedial action at the site. KCSL has been indemnified by the landfill's previous owner against costs in excess of \$500,000 that may be incurred by KCSL to mitigate any required action. The Company placed \$500,000 in escrow at the closing of the KCSL acquisition to fund any indemnified costs KCSL may be required to bear relating to the Hansville County landfill.

(3) The Federal Water Pollution Control Act of 1972 (the "Clean Water Act"). The Clean Water Act establishes rules for regulating the discharge of pollutants into streams, rivers, groundwater, or other surface waters from a variety of sources, including non-hazardous solid waste disposal sites. Should run-off from the Company's landfills or transfer stations be discharged into surface waters, the Clean Water Act could require the Company to apply for and obtain discharge permits, conduct sampling and monitoring, and, under certain circumstances, reduce the quantity of pollutants in those discharges. In November 1990, the EPA issued additional rules, which established standards for storm water runoff from landfills and which require landfills to obtain storm water discharge permits, unless they are covered under a storm water general permit issued by the EPA. In addition, if a Company landfill or transfer station discharges wastewater through a sewage system to a publicly owned treatment works, the facility must comply with discharge limits imposed by the treatment works. Also, if development of a landfill may alter or affect "wetlands," a permit may have to be obtained before such development may be commenced. This requirement is likely to affect the construction or expansion of many landfill sites. The Clean Water Act provides civil, criminal, and administrative penalties for violations of its provisions.

(4) The Clean Air Act. The Clean Air Act provides for the federal, state, and local regulation of the emission of air pollutants. The Company's soil remediation facilities are required to obtain air emission permits for operation under these regulations. These regulations also may impose emission limitations and monitoring and reporting requirements on various of the Company's other operations, including its landfills and waste collection vehicles. The EPA has construed the Clean Air Act to apply to landfills. In May 1991, the EPA proposed guidelines for new source performance standards regulating the emission of

air pollutants from solid waste landfills. The regulations, as revised, are expected to be finalized in early 1997. If the proposed regulations are adopted by the EPA, they must be implemented by the states. These guidelines, combined with the new permitting programs established under the 1990 Clean Air Act Amendments, will likely subject solid waste landfills to new permitting requirements and, in some instances, require installation of methane gas recovery systems. The Clean Air Act Amendments could also result in the imposition of strict requirements on many activities that have heretofore been largely unregulated, as well as imposing more stringent requirements on, among other activities, motor vehicle emissions. These costs are not anticipated to adversely affect the Company.

(5) The Occupational Safety and Health Act of 1970 (the "OSHA Act"). The OSHA Act authorizes the Occupational Safety and Health Administration to promulgate occupational safety and health standards. Various of these standards, including standards for notices of hazards, safety in excavation and demolition work, and the handling of asbestos, may apply to the Company's operations.

#### State and Local Regulation

The states in which the Company operates have their own laws and regulations governing hazardous and non-hazardous solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liability for such matters. The states also have adopted regulations governing the siting, design, operation, maintenance, closure, and

post-closure maintenance of landfills and transfer stations. The Company's facilities and operations are likely to be subject to many, if not all, of these types of requirements. In addition, the Company's collection and landfill operations may be affected by the trend in many states toward requiring the development of waste reduction and recycling programs. For example, several states recently have enacted laws that require counties to adopt comprehensive plans to reduce, through waste planning, composting, recycling, or other programs, the volume of solid waste deposited in landfills. Additionally, the disposal of yard waste in solid waste landfills has recently been banned in several states. Legislative and regulatory measures to mandate or encourage waste reduction at the source and waste recycling have also been considered from time to time by Congress and the EPA.

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

Many states and local jurisdictions in which the Company operates have enacted "fitness" laws that allow agencies having jurisdiction over waste services contracts or site permits to decline to award such contracts or deny or revoke such permits on the basis of an applicant's (or permit holder's) environmental or other legal compliance history. These laws authorize the agencies to make determinations of an

applicant's fitness to be awarded a contract or to operate a facility and to deny or revoke a contract or permit because of unfitness absent a showing that the applicant has been rehabilitated through the adoption of various operating policies and procedures put in place to assure future compliance with applicable laws and regulations.

#### FACTORS INFLUENCING FUTURE RESULTS AND ACCURACY OF FORWARD-LOOKING STATEMENTS

In the normal course of its business, the Company, in an effort to help keep its shareholders and the public informed about the Company's operations, may from time to time issue certain statements, either in writing or orally, that contain or may contain forward-looking information. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, projected or anticipated benefits from acquisitions made by or to be made by the Company, or projections involving anticipated revenues, earnings or other aspects of operating results. Such statements are subject to a number of factors that may tend to influence the accuracy of the statements and the projections upon which the statements are based. As noted elsewhere in this report, all phases of the Company's operations are subject to a number of uncertainties, risks and other



influences, many of which are outside the control of the Company, and any one of which, or a combination of which, could materially affect the results of the Company's operations and whether forward-looking statements made by the Company ultimately prove to be accurate.

The following discussion outlines certain factors that in the future could affect the Company's consolidated results for 1996 and beyond and cause them to differ materially from those that may be set forth in any forward-looking statement made by or on behalf of the Company:

#### No Assurance of Successful Management and Maintenance of Growth

USA Waste has experienced rapid growth, primarily through acquisitions. USA Waste's financial results and prospects depend in large part on its ability to successfully manage and improve the operating efficiencies and productivity of these acquired operations. In particular, there can be no assurance that USA Waste will be able to successfully integrate the operations of Chambers Development Company, Inc. ("Chambers"), USA Waste's largest acquisition to date (the "Chambers Merger"), or that USA Waste will be able to successfully integrate the operations of Western Waste Industries if the Merger with Western (the "Western Merger") is consummated. Moreover, the ability of USA Waste to continue to grow will depend on a number of factors, including competition from other waste management companies, availability of attractive acquisition opportunities, availability of working capital, ability to maintain margins and the management of costs in a changing regulatory environment. USA Waste is continually seeking acquisition opportunities and believes that there exist a substantial number of potentially attractive consolidation opportunities in the solid waste management industry. USA Waste may pursue significant acquisitions if they can be achieved on acceptable terms. There can be no assurance that USA Waste will be able to continue to expand and successfully integrate operations.

#### Need for Capital; Debt Financing

The long-term debt of USA Waste, including current maturities, at December 31, 1995 was approximately \$373.8 million. USA Waste expects to require additional capital from time to time to pursue its acquisition strategy and to fund internal growth. A portion of USA Waste's future capital requirements may be provided through future debt incurrences or issuances of equity securities. There can be no assurance that USA Waste will be successful in obtaining additional capital through such debt incurrences or issuances of additional equity securities.

In addition, a large portion of the Company's existing indebtedness at December 31, 1995 is priced at variable interest rates that fluctuate as general interest rates change (see Note 5 to the consolidated financial statements). As a result an increase in interest rates could adversely impact the Company's earnings in the future.

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#### Profitability May be Affected by Competition

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

#### Potential Adverse Effect of Government Regulation

USA Waste's operations are subject to and substantially affected by extensive federal, state and local laws, regulations, orders and permits, which govern environmental protection, health and safety, zoning and other matters.

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

#### Potential Environmental Liability

USA Waste is subject to liability for environmental damage that its landfills, transfer stations and collection operations have caused or may cause nearby landowners, particularly as a result of the contamination of drinking water sources or soil, including damage resulting from conditions existing prior to the acquisition of such assets or operations. Liability may also arise from any off-site environmental contamination caused by pollutants or hazardous substances under circumstances where transportation, treatment or disposal was arranged for by USA Waste or predecessor owners of operations or assets acquired by USA Waste. Any substantial liability for environmental damage could materially adversely affect the operating results and financial condition of USA Waste.

#### Benefit of the Western Merger May Not be Achieved

USA Waste expects to derive substantial benefits from the Western Merger. Whether the anticipated benefits of the Merger are ultimately achieved will depend on a number of factors, including the ability of the combined companies to achieve administrative cost savings, rationalization of collection routes, insurance and bonding cost reductions, lower interest expense and general economics of scale, the ability of the combined companies to retain municipal contracts and generally to capitalize on the combined asset base and strategic position of the combined entity.

In 1995, Western derived approximately 49% of its revenues from municipal and regional authority contracts. The combined company is expected to generate approximately 20% of its revenues from municipal and regional authority contracts. Many municipal franchise agreements are of fixed duration and are subject to negotiation and renewal, and competitive bidding and may contain change of control provisions requiring a consent for transactions such as the Merger. There can be no assurance that such franchise agreements will be renewed or that necessary consents will be obtained, or that obtaining such

renewals or consents will not result in these agreements containing terms less favorable to the combined company than Western's existing franchise agreements.

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

Sales of substantial amounts of USA Waste Common Stock in the public market could adversely affect the market price of such stock. USA Waste recently filed a shelf registration statement for the benefit of certain stockholders relating to 4,000,000 shares of USA Waste Common Stock. Such shares are immediately saleable in the open market. In addition, USA Waste has a shelf registration statement covering approximately 5,200,000 shares of USA Waste Common Stock that may be used for acquisitions. In the event the market price of USA Waste stock were adversely affected by such sales, the Company's access to equity capital markets could be adversely affected, and issuances of stock by USA Waste in

connection with acquisitions, or otherwise, could dilute earnings per share.

## ITEM 2. PROPERTIES.

The principal property and equipment of the Company consists of land (primarily landfill sites, transfer stations, and bases for collection operations), buildings, and soil remediation facilities, and vehicles and equipment. The Company owns or leases real property in most states in which it is doing business. At December 31, 1995, 26 solid waste landfills, aggregating approximately 13,324 total acres, including approximately 2,121 permitted acres, were owned by the Company and 3 landfills, aggregating approximately 655 total acres, including approximately 171 permitted acres, were operated by the Company or leased from parties not affiliated with the Company.

The Company leases approximately 27,550 square feet of office space in Dallas for its executive office under an eight year lease expiring in 2003. The Company owns real estate, buildings, and other physical properties that it employs in substantially all of its solid waste collection operations. The Company also leases a portion of its transfer stations, offices, and garage and shop facilities. For the year ended December 31, 1995, aggregate annual rental payments on real estate leased by the Company was approximately \$581,000.

The Company owns approximately 1,800 items of equipment, including waste collection vehicles and related support vehicles, as well as bulldozers, compactors, earth movers, and related heavy equipment and vehicles used in landfill operations. The Company has more than 285,000 steel containers in use, ranging from one to 45 cubic yards, and a number of stationary compactors and self-dumping hoppers.

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

## ITEM 3. LEGAL PROCEEDINGS.

The Company is a party to various litigation matters arising in the ordinary course of business. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the Company's financial condition. 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 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. The Company also may be subject to claims for personal injury or property damage arising out of accidents involving its vehicles.

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

March 18, 1992, they engaged in offsetting transactions resulting in approximately \$2.1 million in losses. The plaintiffs in Option Resource Group had successfully requested exclusion from a now settled class action of consolidated suits instituted on similar claims ("Class Action") and Option Resource Group is continuing as a separate lawsuit. The case is currently near the end of the discovery stage. In response to discovery on damages, the plaintiffs reduced their damages claim to \$433,000 in alleged losses, plus interest and attorneys' fees, for a total damage claim of \$658,000, as of August 21, 1995. The Company intends to continue to vigorously defend against this action, and management believes the ultimate resolution of this suit will not have a material adverse effect on the Company's financial position or results of operations.

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

On or about February 1, 1996, an action was filed in the Circuit Court of Cook County, Illinois, captioned Allabastro v. USA Waste Services, Inc., Action No. 96L01165. The plaintiff alleges to have entered into an oral agreement with the Company for brokerage services and is demanding a fee of \$950,000 based on the alleged contract and on common law for acting as a broker/advisor to the Company in its 1993 purchase of an Indiana landfill and hauling operation from Chambers. Based on the same facts, the plaintiff is also demanding an additional \$36,250,000 fee in connection with the June 1995 merger of Chambers with the Company. The plaintiff is also seeking unspecified damages for acting as a management advisor to the Company in its procurement of a landfill renovation/operation contract in Charleston, West Virginia. Interest and other costs are also demanded. The case has not yet entered the discovery stage. The Company intends to vigorously defend against this action, and management believes the ultimate resolution of this suit will not have a material adverse effect on the Company's financial position or results of operations.

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

No matters were submitted to the shareholders of USA Waste during the fourth quarter of 1995.

#### EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names and ages, as of March 1, 1996, of the Company's executive officers (as defined by regulations of the Securities and Exchange Commission), the positions they hold with the Company and summaries of their business experience.

John E. Drury, age 51, has been Chairman of the Board since June 30, 1995, and Chief Executive Officer and a director of USA Waste since May 27, 1994. From 1991 to May 1994, Mr. Drury served as a Managing Director of Sanders Morris Mundy Inc. ("SMMI"), a Houston based investment banking firm. Mr. Drury served as President and Chief Operating Officer of Browning-Ferris Industries, Inc.

("BFI") from 1982 to 1991, during which time he had chief responsibility for all solid waste operations.

Donald F. Moorehead, Jr., age 45, has been Vice Chairman of the Board since June 30, 1995, and Chief Development Officer since May 27, 1994. From October 1, 1990 to June 30, 1995, he was also Chairman of the Board, and from October 1, 1990 to May 27, 1994, he was Chief Executive Officer. Mr. Moorehead was Chairman of the Board and Chief Executive Officer of Mid-American Waste Systems, Inc. ("Mid-American") from the inception of Mid-American in December 1985 until August 1990 and continued as a director until February 1991.

David Sutherland-Yoest, age 39, has been President, Chief Operating Officer and a director since May 27, 1994. Prior to joining USA Waste, he was President, Chief Executive Officer and a director of Envirofil, Inc. ("Envirofil"). He joined Envirofil in January 1993 and was elected a director in March 1993. From September 1989 to June 1992, Mr. Sutherland-Yoest served as President of Browning-Ferris Industries, Ltd. ("BFI Ltd."), the Canadian subsidiary of BFI. From January through September 1989, Mr. Sutherland-Yoest served as Vice-President, Corporate Development, for Laidlaw Waste Systems, Inc. From 1987 to September 1989, Mr. Sutherland-Yoest was Laidlaw's Regional Vice-President-Atlantic Region, located in Columbus, Ohio. From 1981 to 1987, Mr. Sutherland-Yoest served as District Manager-Vancouver and District Manager-Calgary for BFI Ltd.

Charles A. Wilcox, age 43, has been Executive Vice President -- Operations since December 1, 1994. From April 1981 until November 1994, Mr. Wilcox held positions with BFI including Managing Director of B.F.S.A. Ltd. (October 1984 to December 1987) and Regional Vice President, Pacific Region (October 1988 to June 1993). Other assignments with BFI included District Manager, New Orleans; President -- Special Services, Corporate; and Division Vice President -- Northern Florida.

Earl E. DeFrates, age 52, has been Executive Vice President and Chief Financial Officer since May 1994. From October 1990 to April 1995, he was also Secretary. Mr. DeFrates joined USA Waste as Vice President -- Finance in October 1990 and was elected Executive Vice President in May 1994. Prior thereto, Mr. DeFrates was employed by Acadiana Energy Inc. (formerly Tatham Oil & Gas, Inc.) serving in various officer capacities including the company's Chief Financial Officer, since 1980.

Gregory T. Sangalis, age 40, has been Vice President, General Counsel and Secretary since April 4, 1995. Prior to joining USA Waste, Mr. Sangalis was employed by the solid waste subsidiary of WMX Technologies, Inc. serving in various legal capacities since 1986 and including Group Vice President and General Counsel from August 1992 to April 1995. Prior to joining WMX, he was General Counsel of Peavey Company and had been engaged in the private practice of law in Minnesota.

Bruce E. Snyder, age 40, has been Vice President, Corporate Controller, and Chief Accounting Officer of USA Waste since July 1, 1992. Prior to joining USA Waste, Mr. Snyder was employed by the international accounting firm of Coopers & Lybrand L.L.P., serving there since 1989 as an audit manager. From 1985 to 1989, Mr. Snyder held various financial positions with a privately held real estate development and management company in Oklahoma City, Oklahoma, and its affiliated companies, ultimately serving as Senior Vice President.

Hubert J. Bourque, age 46, has been Vice President -- Environmental Affairs and Chief Compliance Officer since May 1994. From January 1993 to May 1994, Mr. Bourque was Chief Compliance Officer and Senior Vice President of Environmental Affairs for Envirofil. From June 1990 to December 1992, Mr. Bourque was Divisional Vice President -- Environmental Affairs for BFI Ltd. From 1984 to 1990, Mr. Bourque was responsible for the direction of a technical group of 15 consulting professionals whose work involved solid waste planning, landfill and transfer station design, and hazardous waste management for clients in North

America, the Middle East, the Caribbean and Southeast Asia.

James R. Jones, age 51, has been Vice President -- Engineering Services since August 1994. From September 1992 through May 1994, Mr. Jones served as Vice President, Operations Manager for the Kansas City area of Woodward-Clyde Consultants. He joined Woodward-Clyde in January 1992 as Vice President, National Practice Manager -- Solid Waste. From 1990 to August 1991, Mr. Jones participated in the start-up of Equivest Waste Solutions, Inc., which merged with Geowaste, Inc. in August 1991. From January 1974 to February 1990, he served in various positions with BFI, including Divisional Vice President, Engineering from 1980 to 1990.

PART II

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

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

	HIGH -----	LOW -----
1994		
First Quarter.....	\$15.00	\$11.13
Second Quarter.....	13.38	10.38
Third Quarter.....	15.13	11.50
Fourth Quarter.....	15.13	11.00
1995		
First Quarter.....	\$12.38	\$10.00
Second Quarter.....	16.63	11.50
Third Quarter.....	21.88	14.63
Fourth Quarter.....	22.50	17.00
1996		
First Quarter (through March 14, 1996).....	\$24.63	\$17.25

On March 14, 1996, the closing sale price as reported on the NYSE was \$23.63 per share. The number of holders of record of Common Stock based on the transfer records of the Company at March 14, 1996, was 3,846.

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

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

The Selected Consolidated Financial Data set forth below include the accounts of the Company and the businesses acquired in transactions accounted for as poolings of interests as if such businesses had been combined since their inception. The accounts of the businesses acquired in transactions accounted for as purchases are included from their respective dates of acquisition.

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	1995	1994	1993	1992	1991
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
STATEMENT OF OPERATIONS DATA:					
Operating revenues.....	\$457,099	\$ 434,224	\$382,234	\$351,359	\$270,037
Costs and Expenses:					
Operating.....	253,884	257,370	217,345	208,928	230,129
General and administrative.....	62,178	71,500	66,968	75,426	23,332
Merger costs.....	25,073	3,782	--	--	--
Unusual items.....	4,733	8,863	2,672	51,047	--
Depreciation and amortization.....	56,378	56,139	52,222	44,139	39,209
	402,246	397,654	339,207	379,540	292,670
Income (loss) from operations.....	54,853	36,570	43,027	(28,181)	(22,633)
Other income (expense):					
Shareholder litigation settlement and other litigation related costs.....	--	(79,400)	(5,500)	(10,853)	--
Interest expense:					
Nonrecurring interest.....	(10,994)	(1,254)	--	--	--
Other.....	(30,354)	(32,804)	(35,975)	(35,840)	(33,413)
Interest income.....	2,666	2,641	3,539	5,435	11,814
Other income, net.....	2,699	1,877	1,915	1,699	1,130
	(35,983)	(108,940)	(36,021)	(39,559)	(20,469)
Income (loss) before income taxes.....	18,870	(72,370)	7,006	(67,740)	(43,102)
Provision for (benefit from) income taxes.....	(11,393)	3,908	6,018	479	4,913
Income (loss) from continuing operations.....	\$ 30,263	\$ (76,278)	\$ 988	\$ (68,219)	\$ (48,015)
Income (loss) from continuing operations per common share.....	\$ 0.55	\$ (1.55)	\$ 0.01	\$ (1.60)	\$ (1.07)
Weighted average number of common and common equivalent shares outstanding...	55,270	49,671	45,885	42,707	44,990
BALANCE SHEET DATA (AT END OF PERIOD):					
Working capital (deficit).....	\$ 14,879	\$ (4,601)	\$ 26,932	\$ 61,459	\$141,845
Intangible assets, net.....	118,778	93,416	70,566	45,049	41,311
Total assets.....	908,037	785,616	748,932	739,057	769,094
Long-term debt, including current maturities.....	373,785	410,714	402,800	411,341	424,368
Stockholders' equity.....	402,849	164,349	224,550	202,547	239,395

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

The following discussion reviews the Company's operations for the three years ended December 31, 1995, and should be read in conjunction with the Company's consolidated financial statements and related notes thereto included elsewhere herein. The Company has restated its previously issued financial statements for years prior to 1995 to reflect the acquisition of Chambers, consummated June 30, 1995, and accounted for under the pooling of interests method of accounting.

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

#### INTRODUCTION

The Company provides non-hazardous solid waste management services, consisting of collection, transfer, disposal, recycling, and other miscellaneous services in 21 states. Since August 1990, the Company has experienced significant growth principally through the acquisition and integration of solid

waste businesses and is now the fourth largest non-hazardous solid waste company in North America. The Company owns or operates 29 landfills, 22 transfer stations, and 44 collection companies serving more than 500,000 customers.

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

The Company's revenues from its landfill operations consist of disposal fees (known as tipping fees) charged to third parties and are normally billed monthly. Tipping fees are based on the volume or weight of solid waste being disposed of at the Company's landfill sites. Fees are charged at transfer stations based on the volume or weight of solid waste deposited, taking into account the Company's cost of loading, transporting, and disposing of the solid waste at a landfill. Intercompany revenues between the Company's landfill, transfer, and collection operations have been eliminated in the financial statements presented 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 expenses are capitalized and depreciated over the estimated useful life of a site as capacity is consumed, and include acquisition, engineering, upgrading, construction, and permitting costs. All indirect development expenses, such as administrative salaries and general corporate overhead, are expensed in the period incurred.

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

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

	PERIOD TO PERIOD INCREASE (DECREASE)			
	FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994		FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993	
Operating revenues.....	\$ 22,875	5.3%	\$ 51,990	13.6%
Costs and expenses:				
Operating.....	(3,486)	(1.4)	40,025	18.4
General and administrative.....	(9,322)	(13.0)	4,532	6.8
Merger costs.....	21,291	563.0	3,782	--
Unusual items.....	(4,130)	(46.6)	6,191	231.7
Depreciation and amortization.....	239	0.4	3,917	7.5
	4,592	1.2	58,447	17.2
Income from operations.....	18,283	50.0	(6,457)	(15.0)
Other income (expense):				
Shareholder litigation settlement and other litigation related costs.....	79,400	100.0	(73,900)	(1,343.6)
Interest expense:				



Nonrecurring interest.....	(9,740)	(776.7)	(1,254)	--
Other.....	2,450	7.5	3,171	8.8
Interest income.....	25	0.9	(898)	(25.4)
Other income, net.....	822	43.8	(38)	(2.0)
	-----		-----	
	72,957	67.0	(72,919)	(202.4)
	-----		-----	
Income (loss) before income taxes.....	91,240	126.1	(79,376)	(1,133.0)
Provision for (benefit from) income taxes.....	(15,301)	(391.5)	(2,110)	(35.1)
	-----		-----	
Net income (loss).....	\$106,541	139.7%	\$(77,266)	(7,820.4)%
	=====		=====	

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

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	-----	-----	-----
Operating revenues:			
Disposal.....	31.9%	25.4%	26.9%
Waste collection.....	51.9	52.9	52.2
Transfer station.....	10.2	16.2	14.5
Other.....	6.0	5.5	6.4
	-----	-----	-----
	100.0	100.0	100.0
	-----	-----	-----
Costs and expenses:			
Operating.....	55.6	59.3	56.8
General and administrative.....	13.6	16.5	17.5
Merger costs.....	5.5	0.9	--
Unusual items.....	1.0	2.0	0.7
Depreciation and amortization.....	12.3	12.9	13.7
	-----	-----	-----
	88.0	91.6	88.7
	-----	-----	-----
Income from operations.....	12.0	8.4	11.3
	-----	-----	-----
Other income (expense):			
Shareholder litigation settlement and other litigation related costs.....	--	(18.3)	(1.4)
Interest expense:			
Nonrecurring interest.....	(2.4)	(0.3)	--
Other.....	(6.7)	(7.5)	(9.4)
Interest income.....	0.6	0.6	0.9
Other income, net.....	0.6	0.4	0.5
	-----	-----	-----
	(7.9)	(25.1)	(9.4)
	-----	-----	-----
Income (loss) before income taxes.....	4.1	(16.7)	1.9
Provision for (benefit from) income taxes.....	(2.5)	0.9	1.6
	-----	-----	-----
Net income (loss).....	6.6%	(17.6)%	0.3%
	=====	=====	=====

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RESULTS OF OPERATIONS FOR THE THREE YEARS ENDED DECEMBER 31, 1995

Operating Revenues

Operating revenues were \$457,099,000 in 1995, an increase of \$22,875,000,

or 5.3%, as compared to 1994, and were \$434,224,000 in 1994, an increase of \$51,990,000, or 13.6%, as compared to 1993. The increase in operating revenues for both years is attributable to the effect of new acquisitions, less dispositions, and the growth in operating revenues from comparable operations, excluding the negative impact of certain businesses in New Jersey. Acquisitions during 1995 and 1994 accounted for increases of \$38,300,000 and \$72,600,000, respectively, in operating revenues, while dispositions in 1995 and 1994 accounted for decreases of \$13,600,000 and \$14,600,000, respectively, in operating revenues compared to the respective prior years.

Operating revenues from comparable operations were most significantly effected by certain businesses in New Jersey. Operating revenues in New Jersey were negatively impacted as a result of contract renegotiations and terminations in 1994 and 1993.

In December 1993, Chambers entered into a new three-year agreement at a rate reduced from its existing contract for the municipal solid waste from Bergen County, New Jersey, effective March 1994. A contract for the transportation and disposal of ash generated by a local incinerator was lost in March 1994. Another local solid waste contract for a local county expired in December 1993, and still another local county began redirecting waste to a competitor's landfill, commencing December 1, 1993.

On December 31, 1993, Chambers sold two transfer stations in Morris County, New Jersey, to the Morris County Municipal Utilities Authority. Chambers agreed to operate the transfer stations and provide certain transportation services at a reduced rate until the county's long-term solid waste system is in operation, or until December 31, 1996, if later. Morris County assumed operations of the transfer stations on January 1, 1995, but Chambers continued providing transportation services. Therefore, in 1995, operating revenues do not include the pass-through of disposal and other costs necessary to operate the transfer stations. Morris County has an option to extend the transportation agreement for two six-month periods beyond 1996, if its solid waste system is not operational. The operating revenues for the two transfer stations have declined from approximately \$42,100,000 in 1993 to \$35,600,000 in 1994, to approximately \$13,000,000 in 1995. The combined negative impact of these contract renegotiations and terminations was a decrease of operating revenues of \$39,200,000 from 1994 to 1995 and \$40,200,000 from 1993 to 1994. It is expected that the operating revenues for these New Jersey businesses will not be significantly different in 1996 as compared to 1995, provided that Morris County's solid waste system is not yet operational.

The components of the change in operating revenues are as follows:

	1995 VS. 1994	1994 VS. 1993
	-----	-----
Price.....	1.8%	0.9%
Volume.....	6.8	8.0
Acquisitions, net of dispositions.....	5.7	15.2
Certain New Jersey businesses.....	(9.0)	(10.5)
	-----	-----
Total change.....	5.3%	13.6%
	=====	=====

Operating Costs and Expenses

Operating costs and expenses decreased \$3,486,000, or 1.4%, in 1995 as compared to 1994, and increased \$40,025,000 in 1994, or 18.4%, as compared to 1993. The decrease in operating costs and expenses in 1995 is attributable to a \$5,700,000 decrease due to the increased utilization of internal

disposal capacity and reduced operating costs and expenses for the Chambers operations of approximately \$5,000,000 since the Chambers Merger (excluding reduction in costs in New Jersey of approximately \$21,500,000). These decreases are offset by increased operating costs and expenses as a result of new acquisitions, net of dispositions. The impact of acquisitions also explains the increase in operating costs and expenses in 1994. New business acquisitions resulted in an increase in operating costs and expenses of \$26,100,000 in 1995 and \$45,600,000 in 1994 while dispositions resulted in a decrease of \$7,400,000 in 1995 and \$12,600,000 in 1994. Operating costs and expenses for comparable operations accounted for the remainder of the increase of \$10,000,000.

As a percentage of operating revenues, operating costs and expenses increased from 56.8% in 1993 to 59.3% in 1994 and decreased to 55.6% in 1995. The emphasis in internalization and operating efficiency improvements at the Chambers existing operations after the Chambers Merger in 1995 contributes to the decrease in operating costs as a percent of operating revenues. Another factor affecting the percent of operating costs and expenses as a percentage of operating revenues is the strategic business decisions to exit or reduce operations in certain markets in 1994 where margins were not as high, thereby improving the relationship between operating costs and revenues. For example, in September 1994, the Company determined that it would exit the market in Phoenix, Arizona, which resulted in the reduction of operating costs and decreased the percentage of operating costs as compared to operating revenues in 1995, as compared to 1994. Another factor affecting the relationship of operating costs and expenses as a percentage of operating revenues is the Company's percentage of operating revenues generated by type of service. The Company's operating revenues from disposal operations decreased from 26.9% in 1993 to 25.4% in 1994 and then increased to 31.9% in 1995. This affects the relationship between operating costs and expenses and operating revenues since disposal operations generally have lower cost margins than collection and transfer station operations.

Harsh weather conditions in the first quarter of 1994 adversely affected operating costs in certain markets. In the second quarter of 1994, the Company experienced higher operating costs in two of its larger collection operations due to higher labor costs and certain variable expenses, which were not offset by a corresponding increase in operating revenues. In addition, certain businesses acquired in late 1994 had relatively higher operating costs as operational cost improvements had not yet been fully implemented by the Company.

#### General and Administrative

General and administrative expenses decreased \$9,322,000 in 1995, as compared to 1994, and increased \$4,532,000 in 1994 as compared to 1993. The decrease in 1995 is the result of the Company's ability to integrate operating revenues from acquisitions without a proportionate increase in general and administrative expenses and cost reductions in connection with the Chambers Merger. In 1994, general and administrative expenses increased due to business acquisitions which accounted for an increase of \$7,700,000 and by accrued contributions of \$2,300,000 in the fourth quarter of 1994.

General and administrative expenses as percentage of operating revenues decreased from 17.5% in 1993 to 16.5% in 1994 and to 13.6% in 1995. This decrease has been as a result of the Company's ability to integrate new operating revenues without a corresponding increase in general and administrative costs and cost savings resulting from mergers completed in 1995 (Chambers) and 1994 (Envirofil, Inc.).

#### Merger Costs

In 1995, the Company incurred approximately \$25,100,000 in merger costs in the second quarter related to the Chambers Merger, which included \$11,900,000 of transaction costs, \$9,500,000 of severance and other termination benefits, and \$3,700,000 of costs related to integrating operations. In

1994, the Company incurred \$3,782,000 of merger costs in the second quarter related to the acquisition of Envirofil, Inc.

#### Unusual Items

In 1995, the unusual items include \$2,800,000 of severance and other termination benefits paid to former Chambers employees in connection with its pre-merger reorganization, \$1,300,000 of estimated future losses associated with the renegotiated Bergen County, New Jersey, municipal solid waste contract, and \$600,000 of shareholder litigation settlement costs.

In 1994, unusual items consisted of \$8,100,000 for asset impairments and abandoned projects, including a \$7,000,000 charge to reduce the carrying value of the Chambers medical and special waste incinerator facility, and restructuring costs of \$800,000 relating to severance benefits. Unusual items of \$2,700,000 in 1993 consists of \$4,900,000 for asset impairments and abandoned projects, \$2,100,000 for net losses on asset divestiture and contractual commitments, \$1,600,000 for special directors and officers insurance premiums, \$900,000 for stock compensation expense, \$300,000 for restructuring costs relating to severance benefits, and a \$7,100,000 credit for net gains on asset divestitures.

#### Depreciation and Amortization

Depreciation and amortization increased \$239,000 in 1995 and \$3,917,000 in 1994 as compared to the prior years. In 1995, depreciation and amortization decreased due to the change in the estimated useful life of excess cost over net assets of acquired businesses related to certain acquisitions from 25 to 40 years, effective January 1, 1995, which resulted in decreased amortization expense of approximately \$1,488,000 for the year. This change in accounting policy substantially offset the normal increase in depreciation and amortization of property and equipment used to generate increased operating revenues. In 1994, the increase is primarily due to new acquisitions.

Depreciation and amortization, however, decreased as a percentage of operating revenues from 13.7% in 1993 to 12.9% in 1994 and to 12.3% in 1995. The decrease as a percent of operating revenues in 1995 was due to the change in life used to amortize the excess of cost over net assets of acquired businesses from 25 to 40 years and the result of a reduction in the estimates of costs to be incurred to complete construction of certain landfills. In 1994, the decrease is due to the impact of increased airspace projections resulting from future expansions of existing landfill sites.

#### Income from Operations

Income from operations increased \$18,283,000 in 1995 and decreased \$6,457,000 in 1994 as compared to their respective prior years due to the reasons discussed above. In 1995 and 1994, the Company incurred certain nonrecurring items reported as unusual items and merger costs. Excluding these nonrecurring items, income from operations as a percentage of revenues would be 18.5%, 11.3%, and 12.0% for 1995, 1994, and 1993, respectively. The improvement in recurring operations in 1995 is the result of economies of scale realized by the Company with respect to recent acquisitions, improved operating margins at Chambers locations since the Chambers Merger, the change in useful life of excess cost over net assets of acquired businesses, dispositions of less profitable businesses, and improvements in comparative operations.

#### Other Income and Expense

Other income and expense consists of shareholder litigation settlement, interest expense, interest income, and other income. Shareholder litigation settlement costs were incurred in connection with a settled class action of consolidated suits or similar claims alleging federal securities violations against

Chambers, certain of its officers and directors, its former auditors and the underwriters of its securities. Interest expense consists of recurring and nonrecurring interest. Nonrecurring interest of \$10,994,000 and \$1,254,000 in 1995 and 1994, respectively consists of various extension fees and other charges related to refinancing the Senior Notes in the second quarter of 1995. Overall, recurring interest expense, gross of amounts capitalized, decreased slightly each year due to reductions in the average effective borrowing rate on the Company's outstanding debt. Capitalized interest for 1995 approximated \$6,120,000 compared to \$3,977,000 and \$3,450,000 for 1994 and 1993, respectively, due to increased development activity incurred in connection with disposal sites. The increase in other income in 1995 is primarily a result of the sale of real estate in Phoenix, Arizona, during the first quarter of 1995.

#### Provision for (Benefit from) Income Taxes

The Company recorded an income tax benefit of \$11,393,000 in 1995 compared to an income tax provision of \$3,908,000 and \$6,018,000 in 1994 and 1993, respectively. Future taxable income was projected utilizing taxable income of 1995 and annualized earnings from acquisitions consummated during 1995. Based on this analysis of taxable income, the Company, during the fourth quarter of 1995, recognized a net deferred tax asset through a \$15,600,000 reduction in the valuation allowance. The deferred tax asset is reflected as a current asset on the Company's balance sheet at December 31, 1995. If the Company's current trend of profitability continues, additional net deferred tax assets of up to approximately \$93,600,000 could be recognized in future periods.

#### Net Income (Loss)

For the reasons discussed above, net income (loss) improved \$106,541,000 for the year ended December 31, 1995 as compared to 1994 and decreased \$77,266,000 for the year ended December 31, 1994 as compared to 1993.

#### VARIATION IN 1995 QUARTERLY NET INCOME (LOSS)

The Company's operating results during 1995 reflect significant quarterly variations in net income (loss) as reflected below (see Note 15 to the consolidated financial statements for additional information):

QUARTER	NET INCOME (LOSS)
-----	-----
	(IN THOUSANDS)
First.....	\$ 184
Second.....	(27,839)
Third.....	18,902
Fourth.....	39,016

The Company consummated the Chambers Merger on June 30, 1995, restating its first quarter financial results in accordance with pooling of interests accounting and reflecting combined operations with Chambers for the second quarter of 1995. Prior to the merger, Chambers was involved in extensive litigation, had a high level of debt and had been experiencing operating losses. As a result of these losses, Chambers had generated a tax net operating loss carryforward in excess of \$230,000,000 at the date of the merger. As disclosed in Note 2 to the consolidated financial statements, Chambers net loss of approximately \$5,269,000 in the first quarter of 1995 had a significant impact on the restated first quarter results of the combined entities.

The net loss of approximately \$27,839,000 reported by the Company in the second quarter of 1995 principally results from the Chambers Merger costs of

approximately \$25,073,000 recognized in the

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quarter and other unusual charges and nonrecurring interest costs relating to Chambers which were also charged to expense during the quarter. Included in the second quarter merger costs and unusual charges were \$9,500,000 and \$2,800,000 of severance and other termination benefits costs, respectively. The annualized salary and benefits expense eliminated as a result of these terminations is estimated to be \$10,300,000.

Following the Chambers Merger, the Company initiated a comprehensive plan to improve the operating results of the acquired Chambers businesses. In addition to the terminations discussed above, this plan included closing the Chambers corporate headquarters, adding managers with significant industry experience, aggressively marketing additional volumes to the Chambers landfill sites, refinancing Chambers indebtedness at lower borrowing costs, combining the companies' insurance and bonding programs for additional cost savings, and implementing operational changes and tightening financial controls to improve margins at the Chambers field operations. The Company began to realize the benefits of these post-merger actions in the third quarter. These factors, combined with a series of acquisitions consummated in the third quarter and the utilization of a portion of Chambers' net operating loss carryforwards, contributed to the Company reporting net income of \$18,902,000 for the third quarter.

The Company continued its integration of the Chambers assets in the fourth quarter, again focusing on improving margins at the field locations. In addition, volumes at the Company's landfills continued to increase in the fourth quarter. The Company also consummated an additional acquisition during the quarter and recognized the benefit of a full quarter of operations of the acquisitions closed during the third quarter of 1995. The Company continued a strategy commenced during the third quarter in which a larger percentage of waste collected by the Company was deposited in the Company's own landfills, thereby reducing third party landfill costs and enhancing margins as a percentage of revenues. Moreover, the Company's interest costs declined approximately \$2,700,000 in the fourth quarter as the Company reduced indebtedness through the successful completion of an equity offering and the conversion to equity of the Company's subordinated debentures.

Furthermore, with the Company's profitability improving and based upon an analysis of future taxable income, the Company recognized the benefit of a deferred tax asset in the amount of \$15,600,000 during the fourth quarter, significantly increasing fourth quarter 1995 net income to approximately \$39,016,000 (see Note 9 to the consolidated financial statements).

Although the Company's profits in the third and fourth quarter of 1995 showed marked improvements over the earlier 1995 quarters, there can be no assurance that this trend will continue. Furthermore, the Company's anticipated Western Merger will result in additional restatements of previously published financial results and merger costs (which the Company currently estimates at \$27,000,000) will be expensed in the period the Western Merger is completed. Actual merger costs may vary from such estimate. In addition, the Company's operations in the first quarter of 1996 have been impacted detrimentally by the harsh winter weather. As a result, future results could reflect significant variations in quarterly earnings.

#### 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 and hauling 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 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 working capital needs in excess of internally generated cash flow.

At December 31, 1995, the Company's working capital was \$14,879,000 (the ratio of current assets to current liabilities was 1.14:1) which compares to a working capital deficit of \$4,601,000 (the ratio of current assets to current liabilities was 0.96:1) at December 31, 1994. Working capital was affected by a 19.6% increase in accounts receivable, which consists of a 17.7% increase due to receivables acquired in business combinations, a 4.5% increase due to the increase in operating revenues, excluding certain New Jersey businesses, and a 2.6% decrease related to these New Jersey businesses. The 1994 consolidated financial statements have been restated to reflect the Chambers Merger which was consummated June 30, 1995, and accounted for as a pooling of interests. Prior to the Chambers Merger, Chambers had limited access to capital and maintained a high level of debt, and was working under an intercreditor agreement with its various lenders. At the time of the Chambers Merger, the Company entered into a new \$550,000,000 bank credit facility with a consortium of banks and significantly refinanced Chambers indebtedness, funded certain required litigation settlement payments related to Chambers, paid certain costs related to the Chambers Merger and provided the Company with committed but unused funds of \$63,553,000 for general corporate purposes, including acquisitions. At June 30, 1995, the Company was highly leveraged, with indebtedness for borrowed money representing almost 80% of the Company's total capitalization (with total capitalization being equal to indebtedness for borrowed money plus stockholders' equity). Subsequent to that date, the Company proceeded with a strategy to reduce its indebtedness, increase its stockholders' equity, strengthen its balance sheet and improve its credit profile.

In October 1995, the Company completed the sale of 6,345,625 shares of its Common Stock, raising approximately \$118,000,000, net of expenses. The proceeds were used to reduce indebtedness, seventy-five percent (75%) of which remains available to redraw for future use under the Company's bank credit facility. Between November 3, 1995 and December 1, 1995, the Company also consummated the conversion of \$42,300,000 of 8 1/2% Convertible Subordinated Debentures ("debentures") into its Common Stock, issuing approximately 3,193,000 shares in retirement of the debentures. Earlier in 1995, \$6,700,000 of debentures, had been converted into approximately 505,000 shares of Company Common Stock.

Moreover, the Company increased its stockholders' equity by using approximately \$38,000,000 of equity in business acquisitions during the second half of 1995, and added almost \$58,000,000 of equity through second half earnings. The Company reported a net loss for the first six months of 1995 of about \$27,700,000, principally as a result of merger costs and other unusual charges relating to Chambers.

As a result of these activities, the Company has increased its stockholders' equity from \$164,349,000 at December 31, 1994 (approximately \$138,000,000 at June 30, 1995) to \$402,849,000 at December 31, 1995. At the same time the Company has reduced its indebtedness for borrowed money (including shareholder litigation indebtedness) from \$496,014,000 at December 31, 1994 (approximately \$550,000,000 at June 30, 1995) to \$373,785,000 at December 31, 1995. Consequently, the Company has significantly reduced its percentage of indebtedness for borrowed money to total capitalization from 75% at December 31, 1994 (approximately 80% at June 30, 1995) to 48% at December 31, 1995. Moreover, at December 31, 1995, the Company had \$13,164,000 in cash and cash equivalents and approximately \$108,400,000 available for loans under its bank credit facility (expanded to \$128,400,000 subsequent to December 31, 1995).

In December 1995, the Company announced that it had entered into an

agreement to merge with Western, another publicly-held solid waste management company. Subject to shareholder approval, the Company expects that the Western Merger will be consummated by April 30, 1996. The Company believes that the Western Merger will further strengthen the Company's balance sheet, cash flow and

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credit profile. As a result of the pending Western Merger, improved Company profitability and strengthened balance sheet, Standard & Poor's recently increased the Company's credit rating from BB+ to BBB- (investment grade). The Company believes that the improved credit rating will benefit it in future financing arrangements.

The Company is currently negotiating with its banks to provide a new credit facility (or amendment to its existing facility) to be effective at or near the date of the Western Merger. The Company believes this new facility will be structured as a \$700-\$750 million revolving credit facility, will be unsecured, will have a term of five years, and will be priced commensurate with the Company's improved credit profile and credit rating.

The Company anticipates its capital expenditures for 1996 will be approximately \$90,000,000, which the Company intends to fund through its internally generated cash flow and available bank credit facility. Almost 65% of the 1996 capital expenditure budget is planned to be spent in the Company's landfill operations for cell construction and certain expansion operations at the Company's landfill sites. Slightly less than 30% of the 1996 capital expenditure budget is allocated to the Company's waste collection and hauling operations, with the balance predominantly allocated to the Company's transfer station operations.

The Company has also recently announced its intention to enter the New York City solid waste market with the potential acquisition of an existing group of businesses. If consummated, the Company would have a cash obligation of approximately \$30,000,000 at closing with contingent consideration payable in the future depending upon the actual performance of the businesses acquired for up to five years after closing. The transaction is subject to certain required approvals and permit issues which make the timing and ultimate consummation of the transaction uncertain at this time. Although the Company remains optimistic, there can be no assurance that the Company will obtain all the required approvals and permits necessary for it to consummate the proposed transaction.

Part of the Company's business strategy is to grow through acquisitions. The Company has been, and expects to continue to be, an active participant in the consolidation trend ongoing within the industry. The Company has issued equity securities in business acquisitions where appropriate, and expects to do so in the future. Furthermore, the Company's future growth will depend upon its ability to raise additional capital. 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.

The Company regularly engages in discussions relating to potential acquisitions and has identified several possible acquisition opportunities and may announce additional acquisition transactions at any time.

#### ENVIRONMENTAL MATTERS

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



operational and maintenance costs to be incurred after each site stops accepting waste.

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The Company has estimated that the aggregate final closure and post-closure costs will be approximately \$100,000,000. As of December 31, 1995 and 1994, the Company had recorded liabilities of \$47,000,000 and \$39,000,000, respectively, for closure and post-closure costs of disposal facilities. The difference between the closure and post-closure costs accrued at December 31, 1995, and the total estimated final closure and post-closure costs to be incurred will be accrued and charged to expense as airspace is consumed such that the total estimated final closure and post-closure costs to be incurred will be fully accrued for each landfill at the time the site stops accepting waste and is closed. The Company also expects to incur approximately \$233,000,000 related to capping activities expected to occur during the operating lives of the disposal sites, which are also being expensed over the useful lives of the disposal sites as airspace is consumed.

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

#### SEASONALITY AND INFLATION

Because the volumes of certain types of waste, such as yard clippings and construction debris, tend to be higher in the spring and summer, the Company experiences seasonal variations in its revenues. As a result, during spring and summer, the Company's revenues tend to be higher than its revenues in fall and winter. In addition, during the winter, harsh weather conditions often temporarily affect the Company's ability to collect, transport, and dispose of waste. The seasonal impact is often offset by revenues added through acquisitions such that the Company's reported revenues have historically reflected increases in period to period comparisons.

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

#### NEW ACCOUNTING PRONOUNCEMENTS

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of ("SFAS No. 121"). SFAS No. 121 sets forth standards for recognition and measurement of impairment of long-lived assets. SFAS No. 121 is effective for the Company in 1996. The Company does not believe the adoption of SFAS No. 121 will have a material effect on its consolidated financial statements in 1996.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"). SFAS No. 123 prescribes a fair value based method of determining compensation expense related to stock-based awards granted to employees or associates. The recognition provisions of SFAS No. 123 are optional; however, entities electing not to adopt SFAS No. 123 are required to make disclosures of pro forma net income and earnings per share as if SFAS No. 123 had been applied. The Company does not plan to adopt the recognition provisions of SFAS No. 123. Pursuant to the pronouncement, the disclosure requirements for the Company are effective in 1996.

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## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
AND SCHEDULES

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	----
(1) Consolidated Financial Statements:	
Report of Independent Accountants.....	34
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Consolidated Balance Sheets as of December 31, 1995 and 1994.....	36
Consolidated Statements of Operations for the Years Ended December 31, 1995, 1994, and 1993.....	37
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1995, 1994, and 1993.....	38
Consolidated Statements of Cash Flows for the Years Ended December 31, 1995, 1994, and 1993.....	39
Notes to Consolidated Financial Statements.....	40
(2) Consolidated Financial Statement Schedules:	

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

## REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors  
USA Waste Services, Inc.:

We have audited the consolidated financial statements of USA Waste Services, Inc. and subsidiaries (the "Company") as listed in the accompanying index in Item 8 of this Form 10-K. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. In 1994 and 1993, we did not audit the consolidated financial statements of Chambers Development Company, Inc. ("Chambers"), a wholly-owned subsidiary, which statements reflect total assets constituting 62 percent at December 31, 1994, and total revenues constituting 59 percent and 75 percent in 1994 and 1993, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chambers in 1994 and 1993, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1995 and 1994, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

Dallas, Texas  
 March 1, 1996

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Chambers Development Company, Inc.:

We have audited the consolidated balance sheets of Chambers Development Company, Inc. ("Chambers") and subsidiaries as of December 31, 1994, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 1994 and 1993 (not presented separately herein). These consolidated financial statements are the responsibility of Chambers' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Chambers and subsidiaries as of December 31, 1994, and the results of their operations and their cash flows for the years ended December 31, 1994 and 1993 in conformity with generally accepted accounting principles.

As discussed in Note B to Chambers' consolidated financial statements, Chambers changed its method of accounting for contributions effective January 1, 1994.

DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania  
 March 30, 1995

USA WASTE SERVICES, INC.

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

	DECEMBER 31,	
	----- 1995 -----	----- 1994 -----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 13,164	\$ 30,161
Accounts receivable, net of allowance for doubtful accounts of \$4,182 and \$3,752, respectively.....	58,333	48,765
Notes and other receivables.....	13,802	19,245

Deferred income taxes.....	15,600	--
Prepaid expenses and other.....	19,223	20,945
	-----	-----
Total current assets.....	120,122	119,116
Notes and other receivables.....	11,704	7,621
Property and equipment, net.....	593,293	523,557
Excess of cost over net assets of acquired businesses, net.....	91,250	69,164
Other intangible assets, net.....	27,528	24,252
Other assets.....	64,140	41,906
	-----	-----
Total assets.....	\$ 908,037	\$ 785,616
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 32,364	\$ 24,912
Accrued liabilities.....	27,924	37,346
Accrued shareholder litigation settlement.....	--	10,000
Deferred revenues.....	6,030	4,664
Current maturities of long-term debt.....	38,925	46,795
	-----	-----
Total current liabilities.....	105,243	123,717
Long-term debt, less current maturities.....	334,860	363,919
Accrued shareholder litigation settlement.....	--	75,300
Closure, post-closure, and other liabilities.....	65,085	58,331
	-----	-----
Total liabilities.....	505,188	621,267
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1.00 par value; 10,000,000 shares authorized; none issued.....	--	--
Common stock, \$.01 par value; 150,000,000 shares authorized; 65,975,048 and 50,557,574 shares issued, respectively.....	660	505
Additional paid-in capital.....	727,971	520,031
Accumulated deficit.....	(323,963)	(354,226)
Less treasury stock at cost, 138,810 and 149,285 shares, respectively.....	(1,819)	(1,961)
	-----	-----
Total stockholders' equity.....	402,849	164,349
	-----	-----
Total liabilities and stockholders' equity.....	\$ 908,037	\$ 785,616
	=====	=====

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

USA WASTE SERVICES, INC.

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

	FOR THE YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	-----	-----	-----
Operating revenues.....	\$457,099	\$ 434,224	\$382,234
	-----	-----	-----
Costs and expenses:			
Operating.....	253,884	257,370	217,345
General and administrative.....	62,178	71,500	66,968
Merger costs.....	25,073	3,782	--
Unusual items.....	4,733	8,863	2,672
Depreciation and amortization.....	56,378	56,139	52,222
	-----	-----	-----
	402,246	397,654	339,207
	-----	-----	-----

Income from operations.....	54,853	36,570	43,027
Other income (expense):			
Shareholder litigation settlement and other litigation related costs.....	--	(79,400)	(5,500)
Interest expense:			
Nonrecurring interest.....	(10,994)	(1,254)	--
Other.....	(30,354)	(32,804)	(35,975)
Interest income.....	2,666	2,641	3,539
Other income, net.....	2,699	1,877	1,915
	(35,983)	(108,940)	(36,021)
Income (loss) before income taxes.....	18,870	(72,370)	7,006
Provision for (benefit from) income taxes.....	(11,393)	3,908	6,018
Net income (loss).....	30,263	(76,278)	988
Preferred dividends.....	--	565	582
Income (loss) available to common shareholders.....	\$ 30,263	\$ (76,843)	\$ 406
Earnings (loss) per common share.....	\$ 0.55	\$ (1.55)	\$ 0.01
Weighted average number of common and common equivalent shares outstanding.....	55,270	49,671	45,885

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

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USA WASTE SERVICES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(IN THOUSANDS)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TREASURY STOCK
	-----	-----	-----	-----	-----
Balance, January 1, 1993.....	\$ 9	\$450	\$489,264	\$(280,849)	\$(1,526)
Common stock options exercised.....	--	--	30	--	--
Common stock issued in acquisitions.....	--	10	4,790	--	--
Common stock purchased for treasury.....	--	--	--	--	(1,332)
Preferred stock subscriptions collected.....	--	--	50	--	--
Common stock issued in private placement.....	--	6	4,742	--	--
Series D Preferred Stock issued.....	5	--	5,212	--	--
Common stock warrants granted as compensation.....	--	--	69	--	--
Common stock issued for preferred stock dividends.....	--	--	154	(582)	--
Change in Envirofil fiscal year.....	--	--	--	3,060	--
Net income.....	--	--	--	988	--
Balance, December 31, 1993.....	14	466	504,311	(277,383)	(2,858)
Common stock options exercised.....	--	--	195	--	--
Common stock warrants exercised.....	--	3	148	--	--
Common stock issued in acquisitions.....	--	16	14,506	--	--
Common stock issued from treasury upon exercise of stock options.....	--	--	(597)	--	897
Common stock issued for preferred stock dividends.....	--	1	1,390	(565)	--
Conversion of preferred stock into common stock.....	(14)	19	(5)	--	--
Common stock issued to directors as compensation.....	--	--	83	--	--
Net loss.....	--	--	--	(76,278)	--
Balance, December 31, 1994.....	--	505	520,031	(354,226)	(1,961)
Common stock options exercised.....	--	3	1,907	--	--
Common stock warrants exercised.....	--	9	3,692	--	--
Common stock issued in acquisitions.....	--	43	37,916	--	--
Common stock issued from treasury upon exercise of stock options.....	--	--	(89)	--	142
Conversion of subordinated debentures into common stock.....	--	37	46,704	--	--
Common stock issued in public offering...	--	63	117,785	--	--
Common stock issued to directors as					

compensation.....	--	--	25	--	--
Net income.....	--	--	--	30,263	--
Balance, December 31, 1995.....	\$ --	\$660	\$727,971	\$ (323,963)	\$ (1,819)

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

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USA WASTE SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Cash flows from operating activities:			
Net income (loss).....	\$ 30,263	\$ (76,278)	\$ 988
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization.....	56,378	56,139	52,222
Deferred income taxes.....	(15,600)	--	--
Net gains on disposal of assets.....	(698)	(1,338)	(556)
Interest earned on escrowed funds.....	--	(415)	(878)
Adjustment for change in Envirofil fiscal year.....	--	--	(930)
Change in assets and liabilities, net of effects of acquisitions and divestitures:			
(Increase) decrease in accounts receivable and other receivables.....	2,938	(14,594)	(5,685)
(Increase) decrease in prepaid expenses and other.....	(2,399)	(557)	1,191
Increase in other assets.....	(7,005)	(1,005)	(3,038)
Increase (decrease) in refundable taxes.....	--	(659)	16,049
Increase (decrease) in accounts payable and accrued liabilities.....	(15,315)	2,082	(16,845)
Increase (decrease) in accrued shareholder litigation settlement.....	(85,300)	85,300	--
Increase in deferred revenues and other liabilities.....	1,278	4,560	1,840
Other.....	--	1,099	580
Net cash provided by (used in) continuing operations.....	(35,460)	54,334	44,938
Net cash used in operating activities of discontinued operations.....	--	--	(2,148)
Net cash provided by (used in) operating activities.....	(35,460)	54,334	42,790
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired.....	(8,283)	(23,944)	(44,522)
Capital expenditures.....	(84,597)	(80,678)	(61,409)
Loans and advances to others.....	(19,660)	(7,504)	(4,932)
Collection of loans and advances to others.....	4,880	1,785	1,607
Proceeds from sale of assets.....	7,134	16,987	36,251
Decrease (increase) in restricted funds.....	11,753	14,657	(404)
Investment in Western.....	(12,569)	--	--
Other.....	--	(199)	(603)
Net investing activities of discontinued operations.....	--	--	4,500
Net cash used in investing activities.....	(101,342)	(78,896)	(69,512)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt.....	392,000	44,260	55,922
Principal payments on long-term debt.....	(393,544)	(38,732)	(71,572)
Net proceeds from issuance of preferred stock.....	--	--	9,537
Net proceeds from issuance of common stock.....	117,850	--	13,106
Proceeds from exercise of warrants.....	3,701	151	--
Proceeds from exercise of common stock options.....	1,910	492	30
Reissuances (purchases) of treasury stock.....	54	--	(1,332)
Funds provided by replacement letters of credit.....	--	--	10,243
Other.....	(2,166)	(627)	(697)
Net cash provided by financing activities.....	119,805	5,544	15,237
Decrease in cash and cash equivalents.....	(16,997)	(19,018)	(11,485)
Cash and cash equivalents at beginning of year.....	30,161	49,179	60,664
Cash and cash equivalents at end of year.....	\$ 13,164	\$ 30,161	\$ 49,179
Supplemental cash flow information:			
Cash paid during the year for:			
Interest.....	\$ 40,885	\$ 33,277	\$ 35,849
Income taxes.....	14,189	7,334	6,160
Supplemental disclosure of non-cash investing and financing activities:			
Acquisition of property and equipment through capital leases.....	\$ --	\$ 408	\$ 62
Conversion of subordinated notes.....	49,000	--	--
Issuance of common stock for preferred dividends.....	--	1,391	327
Receivables from sale of businesses.....	--	--	4,056
Acquisitions of businesses:			
Liabilities incurred or assumed.....	13,523	10,085	20,534
Common stock issued.....	29,147	14,522	4,800

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

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USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation -- The accompanying consolidated financial statements give retroactive effect to the merger with Chambers Development Company, Inc. ("Chambers") on June 30, 1995 (the "Chambers Merger") using the pooling of interests method of accounting and include the accounts of the Company and its majority-owned subsidiaries after elimination of all material intercompany balances and transactions. Investments in affiliated companies in which the Company owns 50% or less are accounted for under the equity method or cost method of accounting, as appropriate.

Use of estimates -- The preparation of the consolidated financial statements requires the use of management's estimates and assumptions in determining the carrying values of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ from those estimated.

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

Restricted funds held by trustees -- Restricted funds held by trustees of \$19,195,000 and \$30,948,000 at December 31, 1995 and 1994, respectively, are included in other assets and consist principally of funds deposited in connection with landfill closure and post-closure obligations, insurance escrow deposits, and amounts held for landfill construction arising from industrial revenue financings. Amounts are principally invested in fixed income securities of federal, state, and local governmental entities and financial institutions. The Company considers its landfill closure, post-closure, and construction escrow investments to be held to maturity. The aggregate fair value of these investments approximates their amortized costs. Substantially all of these investments mature within one year. The Company's insurance escrow funds are invested in pooled investment accounts that hold debt and equity securities and are considered to be available for sale. The market value of those pooled accounts approximates their aggregate cost at December 31, 1995.

Concentrations of credit risk -- Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments and accounts receivable. The Company places its cash investments with high quality financial institutions and limits the amount of credit exposure to any one institution. Concentrations of credit risk with respect to accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. No single group or customer represents greater than 10% of total accounts receivable. The Company controls credit risk through credit approvals, credit limits, and monitoring procedures. The Company performs in-depth credit evaluations for commercial and industrial customers and performs ongoing credit evaluations of its customers' financial condition but generally does

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

not require collateral to support accounts receivable. The Company maintains an allowance for doubtful accounts for potential credit losses. Actual bad debt expenses have not been material.

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

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

Disposal sites are stated at cost and amortized as airspace is consumed. Disposal site costs include expenditures for acquisitions of land and related airspace, engineering and permitting costs, and direct site improvement costs, which management believes are recoverable. Interest cost is capitalized on landfill construction projects and amortized as airspace is consumed. During the years ended December 31, 1995, 1994, and 1993, interest costs were \$47,468,000, \$38,035,000, and \$39,425,000, respectively, of which \$6,120,000, \$3,977,000, and \$3,450,000 were capitalized, respectively, with respect to landfills and facilities under construction.

Depreciation and amortization of property and equipment was \$48,921,000, \$46,432,000, and \$42,209,000 for the years ended December 31, 1995, 1994, and 1993, respectively.

Excess of cost over net assets of acquired businesses -- The excess of cost over net assets of acquired businesses is being amortized on a straight-line basis commencing on the dates of the respective acquisitions. Effective January 1, 1995, the Company changed the estimated useful life of excess of cost over net assets of acquired businesses from 25 to 40 years to more appropriately reflect the estimated period during which the benefit of the assets will be realized. This change in accounting estimate had the effect of reducing amortization expense and increasing net income by \$1,488,000 and increasing earnings per share by \$0.03 in 1995. Accumulated amortization was \$9,762,000 and \$7,100,000 at December 31, 1995 and 1994, respectively. The Company assesses whether the excess of cost over net assets acquired is impaired based on the ability of the operation to which it relates to generate cash flows in amounts adequate to cover the future amortization of such assets. If an impairment is determined, the amount of such impairment is calculated based on the estimated fair value of the related asset.

Accounting for acquisitions -- The Company assesses each acquisition to determine whether the pooling of interests or the purchase method of accounting is appropriate. For those acquisitions accounted for under the pooling of interests method, the financial statements of the acquired company are combined with those of the Company at their historical amounts, and, if material, all periods presented are restated as if the combination occurred on the first day of the earliest year presented. For those acquisitions accounted for using the purchase method of accounting, the Company allocates the cost of an acquired business to the assets acquired and the liabilities assumed based on the estimates of fair values thereof. These estimates are revised during the allocation period as necessary when information regarding



## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

contingencies becomes available to define and quantify assets acquired and liabilities assumed. The allocation period varies for each acquisition, but generally does not exceed one year. To the extent contingencies such as preacquisition environmental matters, litigation and related legal fees, and preacquisition tax matters are resolved or settled during the allocation period, such items are included in the revised allocation of the purchase price. After the allocation period, the effect of changes in such contingencies is included in results of operations in the periods in which the adjustments are determined.

Other intangible assets -- Other intangible assets consist primarily of customer lists, covenants not to compete, and licenses and permits. Other intangible assets are recorded at cost and amortized on a straight-line basis over three to forty years. Accumulated amortization was \$23,869,000 and \$19,730,000 at December 31, 1995 and 1994, respectively.

Closure, post-closure, and other liabilities -- The Company has material financial commitments for the costs associated with its future obligations for closure and post-closure costs of landfills it operates or for which it is otherwise responsible. While the precise amount of these future costs cannot be determined with certainty, the Company has estimated that the aggregate final closure and post-closure costs for all sites will be approximately \$99,700,000. As of December 31, 1995 and 1994, the Company has accrued \$47,392,000, and \$38,990,000, respectively, for final closure and post-closure costs of disposal facilities. The difference between the closure and post-closure costs accrued as of December 31, 1995 and the total estimated final closure and post-closure costs to be incurred will be accrued and charged to expense as airspace is consumed such that the total estimated final closure and post-closure costs will be fully accrued for each landfill at the time the site stops accepting waste and is closed. The Company also expects to incur an estimated \$233,200,000 related to capping activities expected to occur during the operating lives of these disposal sites. These costs are also being accrued over the useful lives of the disposal sites as airspace is consumed.

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

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

## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

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

Earnings per share -- Earnings per share computations are based on the weighted average number of shares of Common Stock outstanding and the dilutive effect of stock options and warrants using the treasury stock method. The dilutive effect between primary and fully-dilutive earnings per share is less than 3% or is anti-dilutive for all periods presented and is therefore not disclosed in the accompanying consolidated statements of operations.

Reclassifications -- Certain 1994 amounts have been reclassified to conform to the 1995 presentation.

New accounting pronouncements -- In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of ("SFAS No. 121"). SFAS No. 121 sets forth standards for recognition and measurement of impairment of long-lived assets. SFAS No. 121 is effective for the Company in 1996. The Company does not believe the adoption of SFAS No. 121 will have a material effect on its consolidated financial statements in 1996.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"). SFAS No. 123 prescribes a fair value based method of determining compensation expense related to stock-based awards granted to employees or associates. The recognition provisions of SFAS No. 123 are optional; however, entities electing not to adopt SFAS No. 123 are required to make disclosures of pro forma net income and earnings per share as if SFAS No. 123 had been applied. The Company does not plan to adopt the recognition provisions of SFAS No. 123. Pursuant to the pronouncement, the disclosure requirements for the Company are effective in 1996.

## 2. BUSINESS COMBINATIONS

On June 30, 1995, the Company consummated the Chambers Merger, pursuant to which the Company acquired a 100% ownership interest in Chambers. Under the terms of the merger agreement, approximately 27,800,000 shares of the Company's Common Stock were issued in exchange for all outstanding shares of Chambers Common Stock and Class A Common Stock. The acquisition was accounted for as a pooling of interests and, accordingly, the accompanying consolidated financial statements include the accounts and operations of Chambers for all periods presented. Related to this acquisition, the Company incurred \$25,073,000 in merger costs in the second quarter of 1995.

## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 2. BUSINESS COMBINATIONS -- (CONTINUED)

Combined and separate results of operations of the Company prior to

consummation of the merger ("USA Waste") and Chambers for the restated periods are as follows (in thousands):

	USA WASTE -----	CHAMBERS -----	ADJUSTMENTS -----	COMBINED -----
Three months ended March 31, 1995 (unaudited):				
Operating revenues.....	\$ 46,508	\$ 54,734	\$ --	\$101,242
Net income (loss).....	4,788	(5,269)	665 (a) (b)	184
Year ended December 31, 1994:				
Operating revenues.....	176,235	257,989	--	434,224
Net income (loss).....	13,831	(90,244)	135 (a) (b)	(76,278)
Year ended December 31, 1993:				
Operating revenues.....	93,753	288,481	--	382,234
Net income.....	5,190	8,303	(12,505) (a) (b)	988

The following adjustments have been made to the combined results of operations:

(a) All significant intercompany transactions between the Company and Chambers have been eliminated. In September 1993, Chambers sold certain of its collection and landfill operations to the Company and, as a result of such sale, Chambers recorded a gain of approximately \$13,600,000. The Company accounted for the transaction as a purchase and allocated the purchase price to the assets acquired. The gain recorded by Chambers in 1993 has been removed based on the assumption that the Company and Chambers had been combined from their inception. In addition, the combined results have been adjusted for the effect of lower amortization as a result of the reduction in the asset amounts recorded.

(b) The combined results assume that the acquisition qualifies as a "tax-free" reorganization for federal income tax purposes. As a result of the acquisition, certain tax net operating loss carryforwards will become available to offset future taxable income of the combined company. Chambers had not recognized any benefit with respect to these tax net operating loss carryforwards in prior years; however, the combined results recognize these benefits to the extent of previously recognized deferred tax liabilities.

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

On May 27, 1994, the Company consummated a merger agreement with Envirofil, Inc. ("Envirofil"), pursuant to which the Company acquired Envirofil. Under the terms of the agreement, approximately 9,700,000 shares of the Company's common stock were issued in exchange for all outstanding shares of Envirofil common stock. The acquisition was accounted for as a pooling of interests and, accordingly, the accompanying consolidated financial statements include the accounts and operations of Envirofil for all periods presented. Costs related to the acquisition of \$3,782,000 were charged to expense in the quarter in which the acquisition was consummated.

Custom Disposal Services, Inc., ("Custom") in exchange for 262,231 shares of its common stock. At the time of its acquisition, Custom was controlled by affiliates of the Company. The acquisition was accounted for in a manner similar to a pooling of interests, however, periods prior to consummation were not restated to include the accounts and operations of Custom as the combined results are not materially different from the results as presented. On September 30, 1994, the Company sold substantially all of Custom's assets.

During 1995 and 1994, the Company consummated several acquisitions that were accounted for under the purchase method of accounting. Results of operations of companies that were acquired and subject to purchase accounting are included from the dates of the acquisitions. The total costs of acquisitions accounted for under the purchase method were \$52,334,000 and \$49,033,000 in 1995 and 1994, respectively. The excess of the aggregate purchase price over the fair value of net assets acquired in 1995 and 1994 was approximately \$22,873,000 and \$23,957,000, respectively.

The following summarized pro forma results of operations assumes 1995 and 1994 acquisitions accounted for as purchases occurred at the beginning of 1994 (in thousands, except per share amounts):

	1995	1994
	-----	-----
Operating revenues.....	\$475,467	\$472,709
Net income (loss).....	31,824	(73,670)
Earnings (loss) per common share.....	0.56	(1.43)

### 3. DIVESTITURES

In late 1992, Chambers initiated a program to divest certain businesses that did not meet strategic and performance objectives. Under this program, Chambers completed a series of asset sales to various parties in 1993 and 1994. During 1993, Chambers sold a transfer station, five collection and hauling businesses, and a parcel of land for \$20,669,000 in cash and received another \$996,000 in cash with respect to a development project in California. These sales resulted in a net gain of \$7,101,000. Additionally, on December 31, 1993, Chambers sold its two transfer stations in Morris County, New Jersey, to the Morris County Municipal Utilities Authority ("MCMUA") for \$9,500,000 in cash, which resulted in a deferred gain of \$3,950,000. Simultaneous with entering into the agreement for the sale of these transfer stations, Chambers and the MCMUA amended their operating and disposal service agreement, pursuant to which Chambers operates the transfer stations and provides waste disposal services, reducing the rates charged for such services in 1994 and 1995. As a result of the interrelationship of the sale of the transfer stations and the operating and disposal service agreement, the gain on sale was deferred and recognized in 1994 as services were provided. As part of the agreement of sale, Chambers will continue to operate the transfer stations and provide waste disposal services until the Morris County's long-term solid waste system is in operation or until December 31, 1996, if later. During 1994, Chambers sold a recycling operation, a building, and a parcel of land for \$2,089,000 in cash. The losses incurred as a result of these sales were charged to a previously established allowance for divestiture losses.

### 3. DIVESTITURES -- (CONTINUED)

The following are summarized operating results of the businesses that were

sold during 1994 and 1993, included in income from operations on the consolidated statements of operations. These results exclude the two transfer stations in Morris County, New Jersey, that the Company will continue to operate and the net gain from divestitures of \$7,101,000 included in unusual items for the year ended December 31, 1993 (in thousands).

	YEAR ENDED DECEMBER 31,	
	1994	1993
Operating revenues.....	\$9,264	\$17,829
Income from operations.....	398	444

Chambers recorded a loss reserve in 1992 for estimated losses on the disposition of certain of its businesses. The loss reserve reflected the expected loss from the disposition of net assets, anticipated operating losses from the measurement date through the expected dates of disposal, and estimated disposal costs. Approximately \$2,299,000 in operating losses incurred by these businesses during 1994 and 1993 and \$1,484,000 of losses on divestitures incurred in 1994 and 1993 have been charged against the loss reserve. Approximately \$3,689,000 was charged to the loss reserve in 1994 and 1993 as a result of writing down assets to their net realizable values. Loss reserves of \$7,689,000, consisting principally of provisions previously recorded for expected losses on the disposition of the businesses subsequently retained, have been reversed and are included in unusual items in 1994 and 1993 (see Note 11).

#### 4. PROPERTY AND EQUIPMENT

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

	DECEMBER 31,	
	1995	1994
Disposal sites, including costs incurred for expansion projects in process of \$38,737 and \$32,499, respectively.....	\$501,874	\$434,456
Vehicles.....	97,401	70,233
Machinery and equipment.....	72,822	70,669
Containers.....	49,641	40,292
Buildings and improvements.....	38,025	28,965
Furniture and fixtures.....	14,606	12,661
Land.....	53,973	52,972
	828,342	710,248
Less accumulated depreciation and amortization.....	235,049	186,691
	\$593,293	\$523,557

#### 5. LONG-TERM DEBT

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

	DECEMBER 31,	
	1995	1994
Credit Facility:		
Revolving credit facility.....	\$ 51,613	\$ 98,000
Term loan facility.....	215,835	--
Senior Notes, interest at 11.45%.....	--	133,501
Senior Notes, interest at 11.95%.....	--	17,929
8 1/2% Convertible Subordinated Debentures.....	--	49,000
Industrial revenue bonds, variable interest rates (5.25% to 5.50% at December 31, 1995), principal payable in annual installments, maturing in 2001-2007, enhanced by letters of credit.....	82,250	88,800
Other.....	24,087	23,484
	-----	-----
	373,785	410,714
Less current maturities.....	38,925	46,795
	-----	-----
	\$334,860	\$363,919
	=====	=====

The aggregate estimated payments, including scheduled minimum maturities, of long-term obligations outstanding at December 31, 1995 for the five years ending December 31, 1996 through 2000 are: 1996 -- \$38,925,000; 1997 -- \$45,762,000; 1998 -- \$52,441,000; 1999 -- \$60,394,000; and 2000 -- \$116,397,000.

On June 30, 1995, in connection with the acquisition of Chambers, the Company entered into a \$550,000,000 financing agreement consisting of a \$300,000,000 five-year revolving credit and letter of credit facility and a \$250,000,000 term loan facility (the "Credit Facility"). On that date, the Company arranged to borrow \$370,000,000, of which \$267,448,000 was outstanding at December 31, 1995, the proceeds of which were used to refinance outstanding indebtedness under the Company's revolving credit facility, retire the 11.45% and 11.95% Senior Notes of Chambers, and finance the Chambers' shareholder litigation settlements discussed in Note 12 and certain other merger related costs. Borrowings under the Credit Facility are collateralized by all the stock and intercompany receivables of the Company and its subsidiaries, whether now owned or hereafter acquired.

Revolving credit loans under the Credit Facility are limited to \$160,000,000 at December 31, 1995, (expanded to \$180,000,000 subsequent to December 31, 1995) less the amount of any future industrial revenue bonds enhanced by letters of credit under the Credit Facility. Loans bear interest at a rate based on the Eurodollar rate or the prime rate, plus a spread not to exceed 1.75% per annum (the applicable interest rate at December 31, 1995 was 7.31%). The Credit Facility may also be used for letters of credit purposes with variable fees from 0.75% to 1.75% per annum (1.50% at December 31, 1995) charged on amounts issued. A commitment fee of up to .5% is required on the unused portion of the Credit Facility.

In August 1995, the Company entered into a three year interest rate swap agreement whereby the Company fixed a maximum interest rate on \$125,000,000 of its Credit Facility. The interest rate is a fixed

Eurodollar rate as determined under the Credit Facility (the applicable interest rate at December 31, 1995 was 7.40%).

The Credit Facility contains financial covenants, including minimum consolidated net worth, funded debt levels, capital expenditures, and interest and debt service coverage requirements. The Credit Facility also restricts the incurrence of additional indebtedness, liens, and the payment of dividends.

Chambers accrued nonrecurring interest expense of \$10,994,000 and \$1,254,000 in 1995 and 1994, respectively, as a result of amendments to its Credit Facility and Senior Notes in November 1994. Chambers proratably accrued the extension fees, the expected refinancing premium, and other charges expected to be incurred upon consummation of the Chambers Merger.

On October 6, 1995, the Company completed a public offering of 6,345,625 shares of its common stock, priced at \$19.625 per share. The net proceeds of approximately \$118,000,000 were primarily used for the repayment of debt. Approximately 75% of the proceeds were applied to the Credit Facility and can be redrawn as the Company's needs dictate for use in the expansion of its business, including acquisitions.

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

If the aforementioned public offering and subordinated debenture conversion transactions had occurred on January 1, 1995, earnings per share would have increased by \$0.04 for the year ended December 31, 1995 due to a reduction in interest expense resulting from the retirement of long-term debt. Weighted average shares would have been 63,266,000.

Letters of credit have been provided to the Company supporting industrial revenue bonds, performance of landfill closure and post-closure requirements, insurance contracts, and other contracts. Letters of credit outstanding at December 31, 1995 aggregated \$122,433,000.

#### 6. PREFERRED STOCK

The Board of Directors is authorized to issue preferred stock in series; and with respect to each series, to fix its designation, relative rights (including voting, dividend, conversion, sinking fund, and redemption rights), preferences (including dividends and liquidation), and limitations. The Company currently has no issued or outstanding preferred stock.

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USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### 7. COMMON STOCK OPTIONS AND WARRANTS

In accordance with the Company's 1990 Stock Option Plan (the "1990 Plan"), options to purchase 900,000 shares of the Company's Common Stock may be granted to officers, directors, and key employees. In accordance with the Company's 1993

Stock Option Incentive Plan (the "1993 Plan"), options to purchase 4,000,000 shares of the Company's Common Stock may be granted to officers, directors, and key employees. Options are granted under the 1990 and 1993 Plans at an exercise price which equals or exceeds the fair market value of the common stock on the date of grant, with various vesting periods, and expire up to ten years from the date of grant. No options are available for future grant under the 1990 Plan.

In March 1993, Envirofil adopted the Envirofil Employees' 1993 Stock Option Plan (the "1993 Envirofil Plan"). Under the 1993 Envirofil Plan, options could be granted to purchase 600,000 shares of the Company's Common Stock. The 1993 Envirofil Plan terminates in January 2003. Options were granted under the 1993 Envirofil Plan at an exercise price which equaled or exceeded the fair market value of the common stock at the date of grant, with various vesting periods and expiration dates up to ten years from date of grant. On May 27, 1994, Envirofil had outstanding options to purchase 443,182 shares under the 1993 Envirofil Plan, which were assumed by the Company. No additional options may be issued under such plan.

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

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

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USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

7. COMMON STOCK OPTIONS AND WARRANTS -- (CONTINUED)

The following table summarizes activity under all of the above stock option plans (in thousands):

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	-----	-----	-----
Outstanding, beginning of year.....	1,974	1,807	1,070



Granted.....	2,216	567	882
Exercised.....	(260)	(211)	(134)
Canceled.....	(95)	(189)	(11)
	-----	-----	-----
Outstanding, end of year.....	3,835	1,974	1,807
	=====	=====	=====

The exercise prices of options exercised during 1995, 1994, and 1993 were from \$5.00 to \$18.00 in 1995, from \$2.50 to \$14.00 in 1994, and \$6.00 in 1993. As of December 31, 1995, options for the purchase of 1,173,000 shares of the Company's Common Stock were exercisable at prices ranging from \$2.25 to \$59.11 per share. The Company holds 138,810 shares of its Common Stock in treasury as of December 31, 1995 for future distribution upon exercise of options under the plans.

The Company has issued warrants expiring through 2002 for the purchase of shares of its Common Stock in connection with private placements of debt and equity securities, acquisitions of businesses, bank borrowings, reorganizations, and certain employment agreements. Transactions involving Common Stock warrants are summarized as follows:

	WARRANTS	EXERCISE PRICE
	-----	-----
Outstanding at January 1, 1993.....	1,822,232	\$0.55 -- \$17.50
Issued.....	406,632	\$1.25 -- \$10.00
	-----	
Outstanding at December 31, 1993.....	2,228,864	\$0.55 -- \$17.50
Issued.....	910,000	\$10.00 -- \$12.88
Exercised.....	(443,399)	\$0.55 -- \$ 8.80
	-----	
Outstanding at December 31, 1994.....	2,695,465	\$1.25 -- \$17.50
Issued.....	230,000	\$10.50 -- \$15.00
Exercised.....	(958,048)	\$1.25 -- \$15.00
	-----	
Outstanding at December 31, 1995.....	1,967,417	
	=====	

In 1993, Envirofil granted certain options and warrants with exercise prices that were less than the fair market value of Envirofil's Common Stock at the date of the grant or renegotiated the exercise price of warrants previously granted. Stock compensation expense has been recorded to the extent that the exercise prices of the vested options or warrants were less than the fair market value of Envirofil's common stock at the date of the granting of the options or warrants, or on the date the exercise price was reduced. As a result, stock compensation expense of \$923,000 was recognized in the consolidated statement of operations included in unusual items for the year ended December 31, 1993, with a corresponding increase in additional paid-in capital.

USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

8. EMPLOYEE SAVINGS PLAN

Effective July 1, 1995, the Company established the USA Waste Services, Inc. Employee Savings Plan (the "Savings Plan"), a qualified defined contribution retirement plan covering employees (except those working subject to a collective bargaining agreement) 21 years of age or older who have completed one year of service, or were actively employed on the Savings Plan's commencement date. The Savings Plan allows eligible employees to defer receipt of up to 15% of their compensation and contribute such amounts to various

investment funds. The Company matches 50% of the first 6% an employee contributes in the same manner as the participant's contribution. Both employee and Company contributions vest immediately. In 1995, the Company contributed approximately \$218,000 and incurred approximately \$25,000 in administrative fees.

9. INCOME TAXES

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

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Current.....	\$ 4,207	\$3,908	\$6,018
Deferred.....	(15,600)	--	--
	\$ (11,393)	\$3,908	\$6,018
	=====	=====	=====

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

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Income taxes (benefit) at federal statutory rate.....	\$ 6,605	\$ (25,330)	\$ 2,382
Loss providing no current benefit.....	--	28,520	--
Tax benefit of operating loss carryforwards.....	--	--	(1,895)
Prior year tax adjustment.....	--	(4,300)	--
Nondeductible expenses.....	4,807	4,480	--
State and local income taxes, net of federal income tax benefit.....	204	866	2,071
Net change in valuation allowance.....	(24,704)	--	--
Other.....	1,695	(328)	3,460
	-----	-----	-----
Provision for (benefit from) income taxes.....	\$ (11,393)	\$ 3,908	\$ 6,018
	=====	=====	=====

The statute of limitations has expired for Chambers' federal income tax returns for 1987 and prior years. Chambers' tax returns for 1988 through 1992 are currently under examination by the Internal Revenue Service ("IRS"). Chambers has reached tentative agreement with the IRS regarding the tax treatment of certain costs and expenses deducted for financial statement purposes in these open tax years. That agreement is subject to the approval of the Joint Committee on Taxation. The statute of limitations has expired for USA Waste's federal income tax returns for 1990 and prior years. No USA Waste tax returns are currently under examination by the IRS.

At December 31, 1995, the Company had approximately \$234,000,000 of net operating loss ("NOL") carryforwards. Most of the NOL carryforwards will begin to expire in 2007. The use of the NOL carryforwards is subject to annual limitations of approximately \$39,000,000 due to an ownership change subsequent to the Merger within the meaning of Section 382 of the Internal Revenue Code. The prorated annual limitation for 1995 was approximately \$9,200,000.

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

	DECEMBER 31,		
	1995	1994	1993
Deferred tax assets:			
Net operating loss carryforwards.....	\$ 97,160	\$ 101,155	81,603
Accrued shareholder litigation settlement... Closure, post-closure, and other liabilities.....	27,897	28,360	--
Other (principally asset impairments and losses from planned asset divestitures)....	17,251	15,367	11,141
Valuation allowance.....	15,621	16,158	7,797
	(93,624)	(127,414)	(77,089)
Deferred tax assets.....	64,305	33,626	23,452
Deferred tax liabilities:			
Property, equipment, intangible assets, and other.....	48,705	33,626	23,452
Deferred tax liabilities.....	48,705	33,626	23,452
Net deferred tax assets.....	\$ 15,600	\$ --	\$ --

The valuation allowance for deferred tax assets decreased by \$33,790,000 in 1995 due to changes in the Company's gross deferred tax assets and liabilities, including \$9,086,000 of adjustments relating to an IRS examination, and the realization of a portion of the Company's net deferred tax asset. Future taxable income was projected utilizing 1995 taxable income along with annualized earnings from acquisitions consummated during 1995. Based on this analysis of taxable income, the Company has recognized a net deferred tax asset through a \$15,600,000 reduction in the valuation allowance. If the Company's current trend of profitability continues, additional net deferred tax assets of up to approximately \$93,600,000 could be recognized in future periods. In 1994, the valuation allowance increased by \$50,325,000 due to changes in the Company's gross deferred tax assets and liabilities.

A significant portion of the increase in the valuation allowance in 1994 relates to the accrual for the shareholder litigation settlement. The Claims Administrator of the Settlement Fund Escrow Account distributed the shareholder litigation settlement to the claimants on March 1, 1996; therefore, a portion of the charge in 1994 of \$75,300,000 will become deductible for tax purposes in 1996. However, the final determination of what portion of the settlement will qualify as deductible for tax purposes and what portion will be nondeductible has not been completed.

#### 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

10. FAIR VALUE OF FINANCIAL INSTRUMENTS -- (CONTINUED)

The fair values of the Company's debt maturing within one year, the revolving credit facility, and the term loan approximate the carrying values due to the nature of the instruments involved.

The fair value of the \$125,000,000 interest rate swap approximates the carrying value due to the interest rate swap's relatively short maturity of three years and the differential between its fixed rate of 7.4% at December 31, 1995 compared to the Credit Facility's variable rate of 7.31% at December 31, 1995.

The fair values of the industrial revenue bonds approximate the carrying values as the interest rates on the bonds are reset weekly based on the credit quality of the letters of credit which collateralize the bonds.

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

11. UNUSUAL ITEMS

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

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Net gains on asset divestitures.....	\$ --	\$ --	\$ (7,101)
Provision for loss on asset divestitures and contractual commitments.....	1,313	3,366	8,687
Reversal of prior provisions for loss and costs on asset divestitures and contractual commitments...	--	(3,565)	(6,636)
Asset impairments and abandoned projects.....	--	8,237	4,929
Stock compensation expense.....	--	--	923
Financing and professional fees.....	610	--	--
Directors and officers insurance.....	--	--	1,555
Corporate and regional restructurings.....	2,810	825	315
Total unusual items.....	\$4,733	\$ 8,863	\$ 2,672

In 1992, Chambers became a defendant in shareholder litigation arising out of financial statement revisions (see Note 12) and, as a result of noncompliance with certain covenants of its various long-term borrowing agreements, commenced restructuring of its principal credit facilities and surety arrangements. Chambers also initiated a major restructuring of its operations which included a program to divest certain businesses that no longer met strategic and performance objectives, the abandonment of various development activities, and the reorganization of its corporate and regional operations. In 1995, 1994, and 1993, Chambers incurred substantial expenses related to these matters as discussed below.

In 1995, Chambers recorded charges of \$2,810,000 of severance and other termination benefits paid to former Chambers employees in connection with its pre-merger reorganization, \$1,313,000 of estimated

## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 11. UNUSUAL ITEMS -- (CONTINUED)

future losses associated with the renegotiated Bergen County, New Jersey, municipal solid waste contract, and \$610,000 of shareholder litigation settlement costs.

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

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

During 1993, Chambers sold certain businesses as part of its divestiture program, which resulted in a net gain of \$7,101,000. Chambers also recorded charges of \$8,687,000 for losses on asset divestitures and contractual commitments including (i) \$3,172,000 related to the municipal contract discussed above, (ii) \$3,194,000 related to the recycling operation and real estate sold in 1994, and (iii) \$2,140,000 related to a hauling, recycling, and transfer station held for sale. In addition, Chambers reversed prior year provisions of \$6,636,000 for losses on divestitures for businesses that were subsequently retained.

In 1993, Chambers also recorded charges of \$4,929,000, consisting of \$2,028,000 for impaired assets and \$2,901,000 for abandoned projects. Additionally, there were charges in 1993 of \$1,555,000 for special directors and officers insurance premiums and \$315,000 for severance benefits paid to employees terminated in connection with the corporate and regional restructuring.

## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 12. SETTLEMENT OF SHAREHOLDER LITIGATION

In connection with the settlement of certain Chambers' shareholder litigation, Chambers accrued \$85,300,000 for the cost of the settlements and \$4,100,000 for other litigation related costs in 1994. Of that total, \$79,400,000 was recorded as an expense and \$10,000,000 was to be paid from the proceeds of Chambers' directors and officers liability insurance policy which was recorded as a current asset and is included in notes and other receivables at December 31, 1994. At December 31, 1994, \$75,300,000 of the amount accrued for settlement payments was classified as a noncurrent liability based on the expectation that such amount would be funded by long-term financing in connection with the Merger (see Note 2). The \$10,000,000 of settlement payments funded by the proceeds of Chambers' directors and officers liability insurance policy and the \$4,100,000 of other litigation related costs are included in current liabilities at December 31, 1994. The \$5,500,000 charge in 1993 relates to legal and other costs associated with the shareholder litigation. All amounts were paid as of December 31, 1995.

## 13. RELATED PARTY TRANSACTIONS

In 1994, the Company invested \$400,000 in EDM Corporation ("EDM") in return for a 15% equity interest and agreed to provide a line of credit of up to \$5,600,000 to EDM at an interest rate equal to the greater of 8 1/2% or the prime rate plus 2%. In connection with this investment, the Company had a right of first refusal to acquire any landfills, collection, or other operations that EDM wished to sell. On September 30, 1995, the Company acquired the balance of the equity interests in EDM in an acquisition accounted for as a purchase (see Note 2). Under the terms of the acquisition agreement, the Company acquired the remaining equity interests in EDM in exchange for 108,375 shares of the Company's Common Stock and forgiveness of a \$1,750,000 loan due from EDM. At the time of closing, EDM was renamed Modern Sanitation, Inc.

In connection with the acquisition of Envirofil in May 1994, Sanders Morris Mundy Inc. ("SMMI"), in its capacity as financial advisor to Envirofil, received a fee of \$850,000. Prior to joining the Company, John E. Drury, Chief Executive Officer of the Company, was a Managing Director and shareholder of SMMI and remains a director. George L. Ball, a director of the Company, is Chairman of the Board and a director of SMMI. In 1992, the Company sold \$49,000,000 of its 8 1/2% Convertible debentures due 2002 in a public offering underwritten by Dillon Read & Co., Inc. and SMMI. In connection with such offering, the Company paid the underwriters commissions aggregating \$1,995,000. In 1995, the Company called the debentures and in connection with such call, entered into a Standby Agreement with SMMI pursuant to which SMMI received a fee of \$200,000 and was reimbursed for the fees and disbursements of its council.

At December 31, 1994, Chambers' headquarters facility was leased from the principal stockholders of Chambers under a lease dated December 29, 1986 with an initial term expiring in October 2006 and a ten-year renewal option. The agreement provided for monthly lease payments (aggregating \$531,000 during 1995) prior to the Company being released from the lease by assuming the related mortgage of \$1,945,000 from the principal stockholders of Chambers in July 1995.

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

## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 13. RELATED PARTY TRANSACTIONS -- (CONTINUED)

the Company for the real estate was \$2,986,000, of which \$2,104,000 was paid to John G. Rangos, Sr. and \$883,000 was paid to Mr. Peretto and members of his family.

## 14. COMMITMENTS AND CONTINGENCIES

Operating leases -- The Company has entered into certain noncancelable operating leases for vehicles, equipment, offices, and other facilities which expire through 2003. Lease expense aggregated \$4,812,000, \$8,046,000, and \$11,164,000 during 1995, 1994, and 1993, respectively. Future minimum lease payments under operating leases in effect at December 31, 1995 are 1996 -- \$4,277,000; 1997 -- \$2,597,000; 1998 -- \$1,429,000; 1999 -- \$832,000; 2000 -- \$655,000; and thereafter \$2,175,000.

Environmental matters -- The Company is subject to extensive and evolving federal, state, and local environmental laws and regulations 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 and investigation -- On or about March 8, 1993, an action was filed in the United States District Court for the Western District of Pennsylvania, captioned Option Resource Group, et al. v. Chambers Development Company, Inc., et al., Civil Action No. 93-354. This action was brought by a market maker in options in Chambers stock and two of its general partners and asserts federal securities law and common law claims alleging that Chambers, in publicly disseminated materials, intentionally or negligently misstated its earnings and that Chambers' officers and directors committed mismanagement and breach of fiduciary duties. These plaintiffs allege that, as a result of large amounts of put options traded on the Chicago Board of Options Exchange between March 13 and March 18, 1992, they engaged in offsetting transactions resulting in approximately \$2.1 million in losses. The plaintiffs in Option Resource Group had successfully requested exclusion from a now settled class action of consolidated suits instituted on similar claims ("Class Action") and Option Resource Group is continuing as a separate lawsuit. The case is currently near the end of the discovery stage. In response to discovery on damages, the plaintiffs reduced their damages claim to \$433,000 in alleged losses, plus interest and attorneys' fees, for a total damage claim of \$658,000, as of August 21, 1995. The Company intends to continue to vigorously defend against this action. Management of the Company believes the ultimate resolution of such complaint will not have a material adverse effect on the Company's financial position or results of operations.

On August 3, 1995, Frederick A. Moran and certain related persons and entities filed a lawsuit against Chambers Development Company, Inc., certain former officers and directors of Chambers, and Grant Thronton, LLP, in the United States District Court for the Southern District of New York under the caption Moran, et al. v. Chambers, et al., Civil Action No. 95-6034. Plaintiffs, who claim to represent approximately 484,000 shares of Chambers stock, requested exclusion from the settlement agreements which resulted in the resolution of the Class Action and assert that they have incurred losses attributable to shares purchased during the class period and certain additional losses by reason of

## USA WASTE SERVICES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 14. COMMITMENTS AND CONTINGENCIES -- (CONTINUED)

misstatements during and after the class period. The claimed losses include damages to Mr. Moran's business and reputation. The Judicial Panel on Multidistrict Litigation has transferred this case to the United States District Court for the Western District of Pennsylvania. The Company has filed its answer to the complaint and intends to vigorously defend against these claims. The case is currently in discovery. Management of the Company believes the ultimate resolution of such complaint will not have a material adverse effect on the Company's financial position or results of operations.

In 1992, the American Stock Exchange and the Chicago Board of Options Exchange also advised Chambers that they would conduct investigations into trading activity on their respective exchanges in Chambers' securities and in put options on Chambers' securities prior to the March 17, 1992 announcement. On December 4, 1992, Chambers was served with a grand jury subpoena out of the United States District Court for the Eastern District of New York seeking production of public filings and reports disseminated to its shareholders, documents referring to the preparation of its financial statements, and other materials. Chambers has responded to the subpoena by producing documents, and the Company has cooperated with each of the investigations.

On or about February 1, 1996, an action was filed in the Circuit Court of Cook County, Illinois, captioned Allabastro v. USA Waste Services, Inc., Action No. 96L01165. The plaintiff alleges to have entered into an oral agreement with the Company for brokerage services and is demanding a fee of \$950,000 based on the alleged contract and on common law for acting as a broker/advisor to the Company in its 1993 purchase of an Indiana landfill and hauling operation from Chambers. Based on the same facts, the plaintiff is also demanding an additional \$36,250,000 fee in connection with the June 1995 merger of Chambers with the Company. The plaintiff is also seeking unspecified damages for acting as a management advisor to the Company in its procurement of a landfill renovation/operation contract in Charleston, West Virginia. Interest and other costs are also demanded. The case has not yet entered the discovery stage. The Company intends to vigorously defend against this action, and management believes the ultimate resolution of this suit will not have a material adverse effect on the Company's financial position or results of operations.

Insurance -- The Company self-insures certain of its comprehensive general liability and workers' compensation risks, while maintaining third-party coverage to protect against catastrophic loss. The Company has not incurred significant fines, penalties, or liabilities for pollution or environmental liabilities at any of its facilities; however, the Company's operating results could be adversely affected in the future in the event of uninsured losses.

Employment agreements -- The Company has entered into employment agreements with certain of its executives and officers. These employment agreements include provisions governing compensation and benefits to be paid upon termination of employment with the Company or certain changes in control of the Company. Under certain conditions, the agreements can be terminated by the Company or the employee. Upon termination of an agreement, the employee's compensation would continue at approximately 75% of the employee's prior compensation for periods ranging from three to five years. During the three to five year period, the employee would be available to the Company on a part-time basis for consulting and also would not be permitted to engage in any activities in direct competition with the Company. If these executives were to be terminated without cause during 1996 or if certain executives elected to terminate their agreements, the aggregate annual compensation on a part-time basis would be



approximately \$1,250,000. If a change in control were to occur in 1996 and the executives were to elect to

USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

14. COMMITMENTS AND CONTINGENCIES -- (CONTINUED)

take the change in control payments, they would receive approximately \$6,473,000. As of December 31, 1995, the Company has not recorded any accruals in the financial statements related to these employment agreements.

Other commitments and contingencies -- The Company is a party to certain other litigation arising in the normal course of business. In addition, contingencies of an environmental nature currently exist at certain of its disposal sites. Management believes that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position and results of operations.

15. SELECTED QUARTERLY FINANCIAL DATA, UNAUDITED

The following table summarizes the unaudited consolidated quarterly results of operations for 1995 and 1994 (in thousands, except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	-----	-----	-----	-----
Operating revenues				
1995.....	\$101,242	\$111,229	\$119,976	\$124,652
	=====	=====	=====	=====
1994.....	\$ 97,971	\$113,514	\$114,270	\$108,469
	=====	=====	=====	=====
Income (loss) from operations				
1995.....	\$ 12,400	\$(12,644)	\$ 26,388	\$ 28,709
	=====	=====	=====	=====
1994.....	\$ 9,943	\$ 9,692	\$ 15,856	\$ 1,079
	=====	=====	=====	=====
Net income (loss)				
1995.....	\$ 184	\$(27,839)	\$ 18,902	\$ 39,016
	=====	=====	=====	=====
1994.....	\$ 1,122	\$ 1,795	\$(68,189)	\$(11,006)
	=====	=====	=====	=====
Income (loss) available to common shareholders				
1995.....	\$ 184	\$(27,839)	\$ 18,902	\$ 39,016
	=====	=====	=====	=====
1994.....	\$ 741	\$ 1,611	\$(68,189)	\$(11,006)
	=====	=====	=====	=====
Earnings (loss) per common share				
1995.....	\$ .00	\$ (.54)	\$ .35	\$ .60
	=====	=====	=====	=====
1994.....	\$ .02	\$ .03	\$ (1.36)	\$ (.22)
	=====	=====	=====	=====

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

Amounts presented for 1995 and 1994 are restated for the pooling of interests transactions discussed in Note 2, and are different from amounts originally reported due to the business combination with Chambers.

The results of operations for 1995 and 1994 include certain nonrecurring

charges for merger costs, unusual items, and nonrecurring interest, as disclosed elsewhere herein. In 1995, the nonrecurring charges amounted to \$4,206,000 and \$36,594,000 in the first and second quarters, respectively. In 1994, the

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USA WASTE SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

15. SELECTED QUARTERLY FINANCIAL DATA, UNAUDITED -- (CONTINUED)

nonrecurring charges amounted \$3,782,000, \$74,100,000, and \$15,417,000 in the second, third, and fourth quarters, respectively. In addition, the fourth quarter of 1995 includes a \$15,600,000 deferred tax benefit from the reduction of the valuation allowance. Although the Company's net income in the third and fourth quarter of 1995 showed marked improvements over the first and second quarter, there can be no assurance that this trend will continue.

16. MERGER WITH WESTERN WASTE INDUSTRIES

On December 18, 1995, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire Western Waste Industries ("Western") through a merger transaction ("Western Merger"). The Western Merger is subject to, among other conditions, approval of both companies' shareholders. It is anticipated that the Western Merger will be completed in April 1996 and that it will be accounted for as a pooling of interests. The Merger Agreement provides that on the effective date of the Western Merger, the Company will issue 1.50 shares of its Common Stock for each share of Western outstanding common stock. The Company has received an irrevocable proxy from Kostis Shirvanian, Western's Chairman and Chief Executive Officer, who is Western's largest shareholder and owns approximately 31% of Western's outstanding shares. The Company currently owns approximately 4.3% of Western's outstanding shares (634,900 common shares of Western are recorded at cost of \$12,569,000 in other assets), which will be canceled on the Western Merger's effective date. The Western Merger is expected to increase the Company's outstanding shares of Common Stock by approximately 21.4 million shares and the Company will assume options under Western's stock option plans equivalent to approximately 5.2 million underlying USA Waste shares of Common Stock. Following the Western Merger, the Company's Board of Directors will be expanded from 9 to 12 members and will include nominees of both the Company and Western.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information set forth under the caption "Election of USA Waste Directors" in the Company's definitive Joint Proxy Statement and Prospectus for the 1996 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, prior to April 30, 1996 (the "1996 Proxy Statement"), is incorporated herein by reference. Information concerning the executive officers of the Company is set forth above under "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

The information set forth under the caption "Election of USA Waste Directors -- Executive Compensation" in the 1996 Proxy Statement is incorporated

herein by reference.

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

The information set forth under the caption "Election of USA Waste Directors -- Beneficial Ownership of USA Waste Common Stock" in the 1996 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information set forth under the caption "Election of USA Waste Directors -- Certain Relationships and Related Transactions" in the 1996 Proxy Statement is incorporated herein by reference.

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PART IV

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

(a)(1) Consolidated Financial Statements:

Report of Independent Accountants

Report of Independent Auditors

Consolidated Balance Sheets as of December 31, 1995 and 1994

Consolidated Statements of Operations for the years ended December 31, 1995, 1994, and 1993

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1995, 1994, and 1993

Consolidated Statements of Cash Flows for the years ended December 31, 1995, 1994, and 1993

Notes to Consolidated Financial Statements

(a)(2) Consolidated Financial Statement Schedules:

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

(a)(3) Exhibits:

3.1 Restated Certificate of Incorporation [Incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-4, File No. 33-60103].

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

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

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

10.2 1993 Stock Incentive Plan [Incorporated by reference to Exhibit

4.4 of the Registrant's Registration Statement on Form S-8, File No. 33-72436].

- 10.3 Envirofil, Inc. 1993 Stock Incentive Plan [Incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].
- 10.4 Amended and Restated Plan and Agreement of Reorganization dated March 29, 1994, among the Registrant, Envirofil Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of the Registrant, and Envirofil, Inc., a Delaware corporation [Incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-4, File No. 33- 77110].
- 10.5 Amended and Restated Agreement and Plan of Merger dated as of November 28, 1994, among the Registrant, Chambers Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of the Registrant, and Chambers Development Company, Inc.,

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a Delaware corporation [Incorporated by reference to Exhibit 2.1 of the Registrant's Registration Statement on Form S-4, File No. 33-59259].

- 10.6 Revolving Credit and Term Loan Agreement dated as of June 30, 1995, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York [Incorporated by reference to Exhibit 10.19 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, as amended by Form 10-Q/A].
- 10.7 First Amendment to Revolving Credit and Term Loan Agreement dated as of August 11, 1995, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and the other financial institutions party thereto.
- 10.8 Second Amendment to Revolving Credit and Term Loan Agreement dated as of September 7, 1995, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and the other financial institutions party thereto.
- 10.9 Third Amendment to Revolving Credit and Term Loan Agreement dated as of January 26, 1996, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and the other financial institutions party thereto.
- 10.10 Fourth Amendment to Revolving Credit and Term Loan Agreement dated as of February 29, 1996, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and other financial institutions party thereto.
- 10.11 Form of Employment Agreement between the Registrant and each of John E. Drury, Donald F. Moorehead, Jr., David Sutherland-Yoest, and Charles A. Wilcox [Incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].

- 10.12 Employment Agreement between the Registrant and Earl E. DeFrates [Incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].
- 10.13 Employment Agreement between the Registrant and Gregory T. Sangalis [Incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-4, File No. 33-59259].
- 10.14 Amendment to Amended and Restated Agreement and Plan of Merger dated June 27, 1995, among the Registrant, Chambers Acquisition Corporation, and Chambers Development Company, Inc. [Incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K dated June 30, 1995].
- 10.15 Shareholders Agreement dated December 18, 1995, among USA Waste Services, Inc., Donald F. Moorehead, Jr., John E. Drury, John G. Rangos, Sr., John G. Rangos, Jr., Alexander W. Rangos, and John Rangos Development Corporation, Inc. [Incorporated by reference to Exhibit 1 to the Schedule 13D dated December 17, 1995 relating to the Registrant].

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- 10.16 Consulting and Non-Compete Agreement dated June 25, 1995, between the Registrant and John G. Rangos, Sr. [Incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].
- 10.17 Employment Agreement dated June 25, 1995, between the Registrant and Alexander W. Rangos [Incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].
- 10.18 Employment Agreement dated December 18, 1995, between the Registrant and Kostis Shirvanian.
- 11.1 Computation of Earnings Per Common Share.
- 21.1 Subsidiaries of the Registrant.
- 23.1 Consent of Coopers & Lybrand L.L.P.
- 23.2 Consent of Deloitte & Touche LLP.
- 27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

The Company filed a Current Report on Form 8-K dated December 18, 1995. Such Current Report reported on Item 5. Other Events and Item 7. Financial Statements and Exhibits. The financial statements filed included:

(a) The following financial statements of Western:

(i) the audited consolidated balance sheets as of June 30, 1994 and 1995, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended June 30, 1995, together with the notes thereto and the report of independent auditors dated August 25, 1995, except for Note 8 as to which the date is September 12, 1995; and (ii) the audited consolidated balance sheets as of June 30, 1995 and the unaudited consolidated balance sheet as of September 30, 1995 and the related

unaudited consolidated statements of operations and cash flows for the three months ended September 30, 1994 and 1995.

(b) Pro forma financial information of the Company and Western including the combined historical unaudited pro forma condensed balance sheet as of September 30, 1995 and the related combined historical unaudited pro forma condensed statements of operations for the nine months ended 1995 and 1994 and for each of the three years in the period ended December 31, 1994.

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SIGNATURES

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

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

-----  
John E. Drury  
Chief Executive Officer

Date: March 22, 1996

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

/s/ JOHN E. DRURY ----- John E. Drury	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	March 22, 1996
/s/ DONALD F. MOOREHEAD, JR. ----- Donald F. Moorehead, Jr.	Chief Development Officer and Director	March 22, 1996
/s/ DAVID SUTHERLAND-YOEST ----- David Sutherland-Yoest	President, Chief Operating Officer and Director	March 22, 1996
/s/ EARL E. DEFRADES ----- Earl E. DeFrades	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 22, 1996
/s/ BRUCE E. SNYDER ----- Bruce E. Snyder	Vice President, Corporate Controller and Chief Accounting Officer	March 22, 1996
/s/ GEORGE L. BALL ----- George L. Ball	Director	March 22, 1996
/s/ PETER J. GIBBONS ----- Peter J. Gibbons	Director	March 22, 1996
/s/ RICHARD J. HECKMANN ----- Richard J. Heckmann	Director	March 22, 1996
/s/ WILLIAM E. MOFFETT ----- William E. Moffett	Director	March 22, 1996
/s/ ALEXANDER W. RANGOS ----- Alexander W. Rangos	Director	March 22, 1996

-----  
Alexander W. Rangos

/s/ JOHN G. RANGOS, SR.

Director

March 22, 1996

-----  
John G. Rangos, Sr.

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INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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3.1	Restated Certificate of Incorporation [Incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-4, File No. 33-60103].	
3.2	Bylaws [Incorporated by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-4, File No. 33-60103].	
4.1	Specimen Stock Certificate [Incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form S-3, File No. 33-76224].	
10.1	1990 Stock Option Plan [Incorporated by reference to Exhibit 10.1 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990].	
10.2	1993 Stock Incentive Plan [Incorporated by reference to Exhibit 4.4 of the Registrant's Registration Statement on Form S-8, File No. 33-72436].	
10.3	Envirofil, Inc. 1993 Stock Incentive Plan [Incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].	
10.4	Amended and Restated Plan and Agreement of Reorganization dated March 29, 1994, among the Registrant, Envirofil Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of the Registrant, and Envirofil, Inc., a Delaware corporation [Incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-4, File No. 33- 77110].	
10.5	Amended and Restated Agreement and Plan of Merger dated as of November 28, 1994, among the Registrant, Chambers Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of the Registrant, and Chambers Development Company, Inc., a Delaware corporation [Incorporated by reference to Exhibit 2.1 of the Registrant's Registration Statement on Form S-4, File No. 33-59259].	
10.6	Revolving Credit and Term Loan Agreement dated as of June 30, 1995, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York [Incorporated by reference to Exhibit 10.19 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, as amended by Form 10-Q/A].	
10.7	First Amendment to Revolving Credit and Term Loan Agreement dated as of August 11, 1995, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and the other financial institutions party thereto.	
10.8	Second Amendment to Revolving Credit and Term Loan Agreement dated as of September 7, 1995, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and the other financial institutions party thereto.	
10.9	Third Amendment to Revolving Credit and Term Loan Agreement dated as of January 26, 1996, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and the other financial institutions party thereto.	
10.10	Fourth Amendment to Revolving Credit and Term Loan Agreement dated as of February 29, 1996, among the Registrant, its subsidiaries, The First National Bank of Boston, Bank of America Illinois, J.P. Morgan Securities, Inc., and Morgan Guaranty Trust Company of New York, and other financial institutions party thereto.	

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EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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- 10.11 Form of Employment Agreement between the Registrant and each of John E. Drury, Donald F. Moorehead, Jr., David Sutherland-Yoest, and Charles A. Wilcox [Incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].
- 10.12 Employment Agreement between the Registrant and Earl E. DeFrates [Incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994].
- 10.13 Employment Agreement between the Registrant and Gregory T. Sangalis [Incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-4, File No. 33-59259].
- 10.14 Amendment to Amended and Restated Agreement and Plan of Merger dated June 27, 1995, among the Registrant, Chambers Acquisition Corporation, and Chambers Development Company, Inc. [Incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K dated June 30, 1995].
- 10.15 Shareholders Agreement dated December 18, 1995, among USA Waste Services, Inc., Donald F. Moorehead, Jr., John E. Drury, John G. Rangos, Sr., John G. Rangos, Jr., Alexander W. Rangos, and John Rangos Development Corporation, Inc. [Incorporated by reference to Exhibit 1 to the Schedule 13D dated December 17, 1995 relating to the Registrant].
- 10.16 Consulting and Non-Compete Agreement dated June 25, 1995, between the Registrant and John G. Rangos, Sr. [Incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].
- 10.17 Employment Agreement dated June 25, 1995, between the Registrant and Alexander W. Rangos [Incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q/A for the period ended June 30, 1995].
- 10.18 Employment Agreement dated December 18, 1995, between the Registrant and Kosti Shirvanian.
- 11.1 Computation of Earnings Per Common Share.
- 21.1 Subsidiaries of the Registrant.
- 23.1 Consent of Coopers & Lybrand L.L.P.
- 23.2 Consent of Deloitte & Touche LLP.
- 27.1 Financial Data Schedule



182886

FIRST AMENDMENT TO REVOLVING  
CREDIT AND TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "First Amendment") is made and entered into as of the 11th day of August, 1995, by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Borrower"), its Subsidiaries listed on Schedule 1 to the Credit Agreement defined below (collectively the "Guarantors"), THE FIRST NATIONAL BANK OF BOSTON, a national banking association ("FNBB"), BANK OF AMERICA ILLINOIS, an Illinois banking association ("BAI"), and J.P. MORGAN SECURITIES, INC., a Delaware corporation ("J.P. Morgan") (collectively, the "Agents"), FNBB, BAI, Morgan Guaranty Trust Company of New York, a New York state banking association ("MGT") and the other financial institutions party hereto (collectively, the "Banks"), and MGT as the Administrative Agent and FNBB, as Documentation Agent (collectively, the "Bank Agents").

WHEREAS, the Borrower, the Guarantors, FNBB, BAI, MGT, the Agents and the Bank Agents entered into a Revolving Credit and Term Loan Agreement dated as of June 30, 1995 (the "Credit Agreement"), pursuant to which FNBB, BAI and MGT extended credit to the Borrower on the terms set forth therein;

WHEREAS, FNBB, BAI and MGT (collectively, the "Assignor Banks") wish to assign interests in their respective Term Loans, Revolving Credit Loans, Letter of Credit Participations and other rights, interests and obligations under the Credit Agreement to the financial institutions listed on Schedule 2 attached hereto (collectively, the "Assignee Banks"), and the Assignee Banks wish to assume such interests and become parties to the Credit Agreement, all as set forth in this First Amendment;

WHEREAS, the parties desire to amend the Credit Agreement to reflect such assignments on the terms and conditions set forth herein;

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 to amend the Credit Agreement as follows:

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1. DEFINITIONS. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

2. AMENDMENT TO Section 1 OF THE CREDIT AGREEMENT. The definition of "Commitment Percentage" set forth in Section 1.1 of the Credit Agreement is hereby amended by deleting such definition in its entirety and substituting the following new definition in place thereof:

"Commitment Percentage. With respect to each Bank, the percentage set forth on Schedule 2.

3. AMENDMENT TO Section 3.5 OF THE CREDIT AGREEMENT. Section 3.5 of the Credit Agreement is hereby amended by deleting the word "he" and substituting the word "The" in place thereof.

4. AMENDMENT TO Section 7.4(C) OF THE CREDIT AGREEMENT. Section 7.4(c) of the Credit Agreement is hereby amended by deleting the text "Sections 8.1(h) and (n)" and substituting the text "Sections 8.1(h), (m) and (o)" in place thereof.

5. AMENDMENT TO 7.4 OF THE CREDIT AGREEMENT. Section 7.4 of the Credit Agreement is hereby amended by deleting the text "provided, however, that such Bank shall, to the extent practicable and allowable under law, notify the Borrower within a reasonable period prior to the time any such disclosure is made; and provided further," where such text appears in the final paragraph of such Section 7.4 and substituting in lieu thereof the text "provided, however,".

6. AMENDMENT TO Section 16.4 OF THE CREDIT AGREEMENT. Section 16.4 of the Credit Agreement is hereby amended by deleting the text "Section 14.3" and substituting the text "Section 16.3" in place thereof.

7. AMENDMENT TO Section 20 OF THE CREDIT AGREEMENT. Section 20 of the Credit Agreement is hereby amended by inserting the word "each" after the text "consent of" and before the text "the Banks."

8. AMENDMENT TO SCHEDULE 2 OF THE CREDIT AGREEMENT. Schedule 2 to Credit Agreement is hereby amended by deleting such schedule in its entirety and substituting the Schedule 2 attached hereto in place thereof.

9. AMENDMENT TO EXHIBIT C OF THE CREDIT AGREEMENT. Exhibit C to the Credit Agreement is hereby amended by inserting the following text at the end thereof:

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"Attached hereto are calculations relating to compliance with the covenants set forth in Sections 8.1(h), (m) and (o), 8.3(e) and 8.9."

10. ASSIGNMENT. (a) Each of the Assignor Banks hereby sells and assigns to the Assignee Banks, and each of the Assignee Banks hereby purchases and assumes without recourse to the Assignor Banks, an interest in and to rights, benefits, indemnities and obligations under the Credit Agreement equal to such Assignee Bank's Commitment Percentage (set forth on Schedule 2 to the Credit Agreement) in respect of the Total Revolving Credit Commitment, the Letter of Credit Participations and the Term Loan, each as in effect immediately prior to the Effective Date (as hereinafter defined). Nothing contained in this Section 10(a) shall affect the rights of any Assignee Bank to proceed against any Assignor Bank for losses directly caused by such Assignor Bank's breach of the representations set forth in Section 10(b).

(b) Each of the Assignor Banks makes no representation or warranty, express or implied, and shall have no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or any of the other Loan Documents or the execution (other than with respect to each its own execution thereof), legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant thereto or the attachment, perfection or priority of any security interest or mortgage, other than that such Assignor Bank is the legal and beneficial owner of its interests being assigned hereunder free and clear of any claim or encumbrance and that such Assignor Bank has no knowledge or notice of a Default or an Event of Default.

(c) Each of the Assignee Banks (i) confirms that it has received a copy of the Credit Agreement and each of the other Loan Documents, together with copies of the most recent financial statements delivered pursuant to Sections 6.4 and 7.4 of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into the Credit Agreement; and (ii) agrees that it has made its own credit decisions in entering into the Credit Agreement, and will continue to make its own credit decisions in taking or not taking action under the Credit Agreement, in each case independently and without reliance upon the Assignor Banks, the Agents, the Bank Agents or any other Bank.

(d) From and after the Effective Date, each of the Assignee Banks shall be a party to the Credit Agreement and have the rights and obligations of a Bank thereunder.

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11. REPRESENTATIONS AND WARRANTIES. The Borrower and the Guarantors jointly and severally represent and warrant as follows:

(a) The execution, delivery and performance of this First Amendment, the Replacement Notes (as hereinafter defined) and the Credit Agreement, as modified by this First Amendment, and the transactions contemplated hereby and thereby (i) are within the corporate authority of the Borrower and each of the Guarantors, (ii) have been duly authorized by all necessary corporate proceedings on the part of the respective Borrower or Guarantor, (iii) do not conflict with or result in any material breach or contravention of any provision of law, statute, rule or regulation to which the Borrower or any Guarantor is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or any Guarantor so as to materially adversely affect the assets, business or any activity of the Borrower and the Guarantors as a whole, and (iv) do not conflict with any provision of the corporate charter or bylaws of the Borrower or any Guarantor or any agreement or other instrument binding upon the Borrower or any Guarantor.

(b) The execution, delivery and performance of this First Amendment, the Replacement Notes and the Credit Agreement, as modified by this First Amendment, will result in valid and legally binding obligations of the Borrower and the Guarantors party thereto enforceable against each 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.

(c) The execution, delivery and performance by the Borrower and the Guarantors of this First Amendment, the Replacement Notes and the Credit Agreement, as modified by this First Amendment, and the consummation by the Borrower and the Guarantors 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 the Guarantors' performance of their covenants contained in Sections 7, 8 and 9 of the Credit Agreement.

(d) The representations and warranties contained in Section 6 of the Credit Agreement are true and correct in all material respects as of the date hereof as though made on and as of the date hereof.

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(e) No Default or Event of Default under the Credit Agreement has occurred and is continuing.

12. 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. Each of the Guarantors hereby confirms that its guaranty of the Guaranteed Obligations contained in Section 27 of the Credit Agreement remains in full force and effect. This First 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

First Amendment.

13. GOVERNING LAW. THIS FIRST AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (WITHOUT REFERENCE TO CONFLICT OF LAWS) AND SHALL TAKE EFFECT AS A SEALED INSTRUMENT IN ACCORDANCE WITH SUCH LAWS.

14. COUNTERPARTS. This First Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts taken together shall be deemed to constitute one and the same instrument.

15. EFFECTIVENESS. This First Amendment shall become effective upon the satisfaction of each of the following conditions (the "Effective Date"):

(a) This First Amendment shall have been executed and delivered by the respective parties hereto;

(b) The Borrower shall have executed and delivered to each of the Banks (i) an Amended and Restated Revolving Credit Note in substantially the form of Exhibit A-1 to the Credit Agreement in an amount equal to such Bank's Revolving Credit Commitment (based on such Bank's Commitment Percentage set forth on Schedule 2 attached hereto) and (ii) an Amended and Restated Term Note in substantially the form of Exhibit A-2 to the Credit Agreement in an amount equal to such Bank's Commitment Percentage (as set forth on Schedule 2 attached hereto) of the Term Loan, each such Note to be in form and substance satisfactory to each Bank (collectively, the "Replacement Notes");

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(c) All corporate action necessary for the valid execution, delivery and performance by the Borrower of the Credit Agreement, as amended by this First Amendment, and the Replacement Notes shall have been taken, and evidence thereof satisfactory to the Banks shall have been provided to the Banks;

(d) The Agent shall have received a certificate of the Secretary or Clerk of the Borrower stating that no amendments to the charter documents of the Borrower have been adopted since June 30, 1995 (other than as set forth in such certificate);

(e) The Banks shall have received from Snell & Smith, P.C. an opinion addressed to the Banks dated the Effective Date, in form and substance satisfactory to the Banks, regarding this First Amendment and the Replacement Notes.

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IN WITNESS WHEREOF, each of the undersigned have duly executed this First Amendment under seal as of the date first set forth above.

THE BORROWER:  
USA WASTE SERVICES, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer

THE GUARANTORS:

BEST PAK DISPOSAL, INC.  
BIG DIPPER ENTERPRISES, INC.

BREM-AIR DISPOSAL, INC.  
CENTRAL ILLINOIS DISPOSAL,  
INC.  
COUNTRYSIDE LANDFILL, INC.  
CRYSTAL LAKE DISPOSAL, INC.  
CUSTOM DISPOSAL SERVICES,  
INC.  
EARTHMOVERS, INC.  
ELLIS-SCOTT, INC.  
ENVIROFIL, INC.  
ENVIROFIL OF ILLINOIS, INC.  
(FORMERLY LEROY BROWN & SONS,  
INC.)  
ENVIROFIL SERVICES, INC.  
ENVIRONMENTAL WASTE OF  
SKAGIT COUNTY, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

8

EVH CO.  
EWA, INC. (FORMERLY MARCH  
ACQUISITION CORPORATION)  
FORCEES, INC.  
JUAN DE FUCA CORRUGATED, LTD.  
KITSAP COUNTY SANITARY  
LANDFILL, INC.  
LAKELAND PROPERTIES, INC.  
LIBERTY LANDFILL, INC.  
MEADOWBROOK CARTING CO.,  
INC.  
MID-JERSEY DISPOSAL CO., INC.  
MID-VALLEY ACQUISITION  
CORPORATION  
MISSION DISPOSAL, INC.  
NORTH SOUND SANITATION, INC.  
QUALITY RECYCLING CO., INC.  
SACRAMENTO VALLEY  
ENVIRONMENTAL WASTE  
COMPANY  
SOIL REMEDIATION OF  
PHILADELPHIA, INC.  
SOUTH SOUND SANITATION, INC.  
STANWOOD CAMANO DISPOSAL,  
INC.  
STOCKTON SCAVENGERS  
ASSOCIATION  
USA WASTE HAULING OF  
PHILADELPIA, INC.  
USA WASTE OF OKLAHOMA, INC.  
(FORMERLY UNITED SANITATION  
ASSOCIATES WASTE MANAGEMENT,  
INC.)  
USA WASTE OF ARIZONA, INC.  
USA WASTE OF ILLINOIS, INC.  
USA WASTE OF INDIANA, INC.

By: /s/ EARL E. DEFRATES

Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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USA WASTE OF TEXAS, INC.  
(FORMERLY USA WASTE SERVICES,  
INC. OF TEXAS)  
U.S.A. WASTE OF FAIRLESS  
HILLS, INC.  
CLEANSOILS FAIRLESS HILLS,  
INC.  
WEST VIRGINIA WASTE  
SERVICES, INC.  
WPP, INC.  
WASTE RECOVERY  
CORPORATION  
CHAMBERS ACQUISITION CORP.  
CHAMBERS DEVELOPMENT  
COMPANY, INC.  
CHAMBERS CLEARVIEW  
ENVIRONMENTAL LANDFILL,  
INC.  
CHAMBERS DEVELOPMENT OF  
OHIO, INC.  
CHAMBERS DEVELOPMENT OF  
VIRGINIA, INC.  
CHAMBERS ENTERPRISES, INC.  
CHAMBERS INTERNATIONAL,  
INC.  
CHAMBERS LAUREL HIGHLANDS  
LANDFILL, INC.  
CHAMBERS MAPLEWOOD  
LANDFILL, INC.  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 2/12/85)  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 4/26/91)

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

10

CHAMBERS MEDICAL  
TECHNOLOGIES OF SOUTH  
CAROLINA, INC.  
CHAMBERS NEW JERSEY LAND,  
INC.  
CHAMBERS OAKRIDGE USA  
LANDFILL, INC.  
CHAMBERS ORANGE COUNTY  
LANDFILL, INC.  
CHAMBERS RESOURCES, INC.  
CHAMBERS RICHLAND COUNTY  
LANDFILL, INC.  
CHAMBERS SERVICES, INC.  
CHAMBERS SMYRNA LANDFILL,  
INC.

CHAMBERS WASTE SYSTEMS OF  
CALIFORNIA, INC.  
CHAMBERS WASTE SYSTEMS OF  
FLORIDA, INC.  
CHAMBERS WASTE SYSTEMS OF  
MISSISSIPPI, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW YORK, INC.  
CHAMBERS WASTE SYSTEMS OF  
NORTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
OHIO, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW JERSEY, INC.  
CHAMBERS WASTE SYSTEMS OF  
RHODE ISLAND, INC.  
CHAMBERS WASTE SYSTEMS OF  
SOUTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
TEXAS, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

11

CHAMBERS WASTE SYSTEMS OF  
VIRGINIA, INC.  
CHAMBERS OF DELAWARE, INC.  
CHAMBERS OF GEORGIA, INC.  
CHAMBERS OF ILLINOIS, INC.  
CHAMBERS OF INDIANA, INC.  
CHAMBERS OF NEW JERSEY,  
INC.  
CHAMBERS OF NEW JERSEY  
RECYCLING, INC.  
CHAMBERS OF MARYLAND, INC.  
CHAMBERS OF  
MASSACHUSETTS, INC.  
CHAMBERS OF MISSISSIPPI, INC.  
CHAMBERS OF PENNSYLVANIA,  
INC.  
CHAMBERS OF TENNESSEE, INC.  
CHAMBERS OF WEST VIRGINIA,  
INC.  
DAUPHIN MEADOWS, INC.  
THE H. SIENKNECHT CO.  
LCS SERVICES, INC.  
WILLIAM H. MARTIN, INC.  
MORRIS COUNTY TRANSFER  
STATION, INC.  
RAIL-IT CORPORATION  
REMOTE LANDFILL SERVICES,  
INC.  
CDC SERVICES, INC.  
SOUTHERN ALLEGHENIES  
DISPOSAL SERVICES, INC.  
U.S. SERVICES CORPORATION  
U.S. UTILITIES SERVICES CORP.  
CHAMBERS R & B LANDFILL,  
INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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By: Rail-It Corporation, Its General  
Partner

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

THE BANKS AND AGENTS:

THE FIRST NATIONAL BANK OF BOSTON,  
Individually and as Documentation  
Agent and Issuing Bank and as Agent

By: /s/ CHARLES C. WOODARD

-----  
Title: Charles C. Woodard, Managing  
Director  
-----

BANK OF AMERICA, ILLINOIS, Individually  
and as Agent

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

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

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

13

J.P. MORGAN SECURITIES INC., as Agent

By: /s/ [ILLEGIBLE]



Title: Vice President  
-----

BANK OF AMERICA ILLINOIS

By: /s/ [ILLEGIBLE]  
-----

Title: Vice President  
-----

THE BANK OF NOVA SCOTIA

By: /s/ W.J. BROWN  
-----

Title: W.J. Brown, Vice President  
-----

BANK ONE, TEXAS N.A.

By: /s/ [ILLEGIBLE]  
-----

Title: Vice President  
-----

BANQUE PARIBAS, HOUSTON  
AGENCY

By: /s/ CHERYL JOHNSON  
-----

Title: CHERYL JOHNSON, ASST. VICE  
PRESIDENT  
-----

By: /s/ SCOTT CLINGAN  
-----

Title: SCOTT CLINGAN, VICE PRESIDENT  
-----

BHF-BANK AG

By: /s/ [ILLEGIBLE]  
-----

Title: Vice President  
-----

CIBC INC.

By: /s/ [ILLEGIBLE]  
-----

Title: Vice President  
-----

COMERICA BANK

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK,  
B.A., "RABOBANK NEDERLAND",  
NEW YORK BRANCH

By: /s/ W. JEFFREY VOLLACK

-----  
Title: W. Jeffrey Vollack, Vice  
President, Manager  
-----

By: /s/ DANA W. HEMENWAY

-----  
Title: DANA W. HEMENWAY, Vice President  
-----

CREDIT LYONNAIS NEW YORK  
BRANCH

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

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

By: /s/ JEAN M. HANNIGAN

-----  
Title: Jean M. Hannigan, Assistant Vice  
President  
-----

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

FIRST INTERSTATE BANK OF TEXAS,  
N.A.

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

FLEET BANK OF MASSACHUSETTS,  
N.A.

By: /s/ THOMAS J. BULLARD

-----  
Title: Vice President  
-----

THE FUJI BANK, LIMITED, HOUSTON  
AGENCY

By: /s/ PHILIP C. LAUNGER III

-----  
Title: Vice President & Joint Manager  
-----

HIBERNIA NATIONAL BANK

By: /s/ [ILLEGIBLE]

-----  
Title: Vice President  
-----

THE LONG-TERM CREDIT BANK OF  
JAPAN, LTD.

By: /s/ [ILLEGIBLE]

-----  
Title: Joint General Manager  
-----

NATWEST BANK N.A.

By: /s/ KATHLEEN WEISS

-----  
Title: Vice President  
-----

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THE NIPPON CREDIT BANK, LTD.

By: /s/ [ILLEGIBLE]

-----  
Title: Senior Manager  
-----

THE SANWA BANK, LIMITED, DALLAS AGENCY

By: /s/ MATTHEW G. PATRICK

-----  
Title: Vice President  
-----

THE SUMITOMO BANK, LTD. -  
HOUSTON AGENCY

By: /s/ TOSHIRO KUBOTA

-----  
Title: Joint General Manager  
-----

SOCIETY NATIONAL BANK

By: /s/ JANICE M. COOK

-----  
Title: Vice President  
-----

UNION BANK

By: /s/ JULIE B. BLOOMFIELD

-----  
Title: Vice President  
-----

WELLS FARGO BANK, N.A.

By: /s/ [ILLEGIBLE]

-----  
Title: Seniro Vice President  
-----

VAN KAMPEN MERRITT PRIME RATE INCOME  
TRUST

By: /s/ JEFFREY W. MAILLET

-----  
Title: Sr. Vice Pres. - Portfolio Mgr.  
-----

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CREDIT LYONNAIS CAYMAN ISLAND  
BRANCH

By: /s/ RAY WHITE

-----  
Title: Authorized Signature  
-----

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SCHEDULE 2

BANKS; COMMITMENT PERCENTAGE;  
EURODOLLAR LENDING OFFICES

BANK OF AMERICA ILLINOIS

Commitment Percentage: 9.090909090900%

Eurodollar Lending Office:

231 LaSalle Street

Chicago, Illinois 60697

Attention: Noreen Wright

Telephone: 312-828-8162

Telecopier: 312-828-1974

THE FIRST NATIONAL BANK OF BOSTON

Commitment Percentage: 9.090909090900%

Eurodollar Lending Office:

Environmental Services Division

100 Federal Street, 01-08-05

Boston, MA 02110

Attn: Connie Keyes

Telephone: 617-434-3571

Telecopier: 617-434-2160

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, NY

Commitment Percentage: 9.090909090900%

Eurodollar Lending Office:  
c/o J.P. Morgan Services Inc.  
500 Stanton Christiana Road  
Newark, DE 19713-2107  
Attn: MOF Unit  
Telephone: 302-634-1800  
Telecopier: 302-634-1094

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BHF - BANK AG

Commitment Percentage: 5.454545454500%

Eurodollar Lending Office:  
Grand Cayman Branch c/o New York Branch  
590 Madison Avenue  
New York, NY 10022  
Attn: Sharon Fang  
Telephone: 212-756-5503  
Telecopier: 212-756-5536

NATWEST BANK N.A.

Commitment Percentage: 5.454545454500%

Eurodollar Lending Office:  
175 Water Street - 27th Floor  
New York, NY 10038  
Attn: Delores Jones  
Telephone: 212-602-2578  
Telecopier: 212-602-2590

CREDIT LYONNAIS CAYMAN ISLAND BRANCH AND  
CREDIT LYONNAIS NEW YORK BRANCH

Commitment Percentage: 5.454545454500%

Eurodollar Lending Office:  
Credit Lyonnais Cayman Island Branch c/o Credit Lyonnais Dallas  
500 North Akard Street 3210  
Dallas, TX  
Attn: Judy Gordon  
Telephone: 212-954-3500  
Telecopier: 212-954-3312

DEUTSCHE BANK AG

Commitment Percentage: 5.454545454500%

Eurodollar Lending Office:  
Cayman Islands Branch  
31 West 52nd Street  
New York, NY 10019  
Attn: CFS John Quinn  
Telephone: 212-474-8229  
Telecopier: 212-474-7880

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UNION BANK

Commitment Percentage: 4.181818181800%

Eurodollar Lending Office:  
Energy Capital Services  
445 S. Figueroa Street  
15th Floor

Los Angeles, CA 90071  
Attn: Yolande Hollis  
Telephone: 213-236-5130  
Telecopier: 213-236-4096

CANADIAN IMPERIAL BANK OF COMMERCE

Commitment Percentage: 4.181818181800%

Eurodollar Lending Office:  
Two Paces West  
Suite 1200  
2727 Paces Ferry Road  
Atlanta, GA 30339  
Attn: Suzanne Miles  
Telephone: 404-319-4822  
Telecopier: 404-319-4950

FLEET BANK OF MASSACHUSETTS, N.A.

Commitment Percentage: 4.181818181800%

Eurodollar Lending Office:  
75 State Street  
Boston, MA 02109  
Attn: Deborah Milue  
Telephone: 617-346-1639  
Telecopier: 617-346-1679

COMERICA BANK

Commitment Percentage: 4.181818181800%

Eurodollar Lending Office:  
9th Floor MC3281 500 Woodward Ave  
Detroit, MI 48226  
Attn: Tina Azar  
Telephone: 313-222-6274  
Telecopier: 313-222-3330

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VAN KAMPEN MERRITT PRIME RATE INCOME TRUST

Commitment Percentage: 4.181818181800%

Eurodollar Lending Office:  
Van Kampen American Capital  
One Parkview Plaza  
Oakbrook Terrance, IL 60181  
Attn: Brian Murphy  
Telephone: 708-684-6479  
Telecopier: 708-684-6740

THE NIPPON CREDIT BANK, LTD.

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
245 Park Avenue - 30th Floor  
New York, NY 10167  
Attn: Peter Fiorillo  
Telephone: 212-984-1263  
Telecopier: 212-697-8034

FIRST INTERSTATE BANK OF TEXAS, N.A.

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
1445 Ross Avenue  
Suite 300  
Dallas, TX 75201  
Attn: Nancy Harwell  
Telephone: 214-740-1569  
Telecopier: 214-740-1519

COOPERATIEVE CENTRALE RAIFFEISEN - BOERENLEENBANK B.A., "RABOBANK  
NEDERLAND", NEW YORK BRANCH

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
245 Park Avenue  
New York, NY 10167-0062  
Attn: Brenda Lyew  
Telephone: 212-916-7928  
Telecopier: 212-916-7930

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THE BANK OF NOVA SCOTIA

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
Atlanta Agency  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, GA 30308  
Attn: Phyllis Walker  
Telephone: 404-877-1552  
Telecopier: 404-888-8998

BANK ONE, TEXAS - N.A.

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
Corporate Banking  
910 Travis  
7th Floor  
Houston, TX 77002-58602  
Attn: Michelle Wondrak  
Telephone: 713-751-3605  
Telecopier: 713-751-6199

BANQUE PARIBAS, HOUSTON AGENCY

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
1200 Smith  
Suite 3100  
Houston, TX 77002  
Attn: Leah Evans-Hughs  
Telephone: 713-659-4811  
Telecopier: 713-659-3832

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THE FUJI BANK, LTD

Commitment Percentage: 2.727272727200%

Eurodollar Lending Office:  
Houston Agency 1 Houston Center  
1221 McKinney Street Suite 4100  
Houston, TX 77010

Attn: Jenny Lin  
Telephone: 713-650-7821  
Telecopier: 713-759-0048

SOCIETY NATIONAL BANK

Commitment Percentage: 1.818181818100%

Eurodollar Lending Office:  
127 Public Square  
Cleveland, OH 44114-1306  
Attn: Kathy Kuenig  
Telephone: 216-689-4228  
Telecopier: 216-689-4981

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Commitment Percentage: 1.818181818100%

Eurodollar Lending Office:  
New York Branch Finance Division  
165 Broadway  
New York, NY 10006  
Attn: Mr. R. Pacifici  
Telephone: 212-335-4801  
Telecopier: 212-608-3452

THE SUMITOMO BANK, LTD.

Commitment Percentage: 1.818181818100%

Eurodollar Lending Office:  
Houston Agency  
NationsBank Center Suite 1750  
700 Louisiana Street  
Houston, TX 77002  
Attn: Mr. Hiroshi Abe  
Telephone: 713-238-8240  
Telecopier: 713-759-0020

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THE SANWA BANK LIMITED, DALLAS AGENCY

Commitment Percentage: 1.818181818100%

Eurodollar Lending Office:  
901 Main Street  
Suite 2830  
Dallas, TX 75202  
Attn: Greg Crowe  
Telephone: 214-744-5555  
Telecopier: 214-741-6535

HIBERNIA NATIONAL BANK

Commitment Percentage: 1.818181818100%

Eurodollar Lending Office:  
313 Carondelet Street  
New Orleans, LA 70130  
Attn: Virginia Bell  
Telephone: 504-533-2905  
Telecopier: 504-533-5344

WELLS FARGO BANK, N.A.

Commitment Percentage: 1.818181818100%



Eurodollar Lending Office:  
420 Montgomery  
9th Floor  
San Francisco, CA 94104  
Dallas, TX 75201  
Telephone: 415-396-3807  
Telecopier: 415-989-4319

SECOND AMENDMENT TO REVOLVING  
CREDIT AND TERM LOAN AGREEMENT

THIS SECOND AMENDMENT TO REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "Second Amendment") is made and entered into as of the 7th day of September, 1995, by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Borrower"), its Subsidiaries listed on Schedule 1 to the Credit Agreement defined below (collectively the "Guarantors"), THE FIRST NATIONAL BANK OF BOSTON, a national banking association ("FNBB"), BANK OF AMERICA ILLINOIS, an Illinois banking association ("BAI"), and J.P. MORGAN SECURITIES, INC., a Delaware corporation ("J.P. Morgan") (collectively, the "Agents"), FNBB, BAI, Morgan Guaranty Trust Company of New York, a New York state banking association ("MGT") and the other financial institutions party hereto (collectively, the "Banks"), and MGT as the Administrative Agent and FNBB, as Documentation Agent (collectively, the "Bank Agents").

WHEREAS, the Borrower, the Guarantors, the Banks, the Agents and the Bank Agents are party to a Revolving Credit and Term Loan Agreement dated as of June 30, 1995, as amended by the First Amendment to Revolving Credit and Term Loan Agreement dated as of August 11, 1995 (as so amended, the "Credit Agreement"), pursuant to which the Banks have extended credit to the Borrower on the terms set forth therein;

WHEREAS, the Borrower has requested that the Banks, the Agents, and the Bank Agents amend the Credit Agreement, and the Banks, the Agents and the Bank Agents are willing to amend the Credit Agreement on the terms and conditions set forth herein;

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 to amend the Credit Agreement as follows:

1. DEFINITIONS. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.
2. AMENDMENT TO Section 4.5 OF THE CREDIT AGREEMENT. Section 4.5 of the Credit Agreement is hereby amended by deleting the percent "50%" set forth in subclause (c) of such Section 4.5 and substituting in place thereof the percentage "25%".
3. REPRESENTATIONS AND WARRANTIES. The Borrower and the Guarantors jointly and severally represent and warrant as follows:

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

(b) The execution, delivery and performance of this Second Amendment

and the Credit Agreement, as modified by this Second Amendment, will result in valid and legally binding obligations of the Borrower and the Guarantors party thereto enforceable against each 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.

(c) The execution, delivery and performance by the Borrower and the Guarantors of this Second Amendment and the Credit Agreement, as modified by this Second Amendment, and the consummation by the Borrower and the Guarantors 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 the Guarantors' performance of their covenants contained in Sections 7, 8 and 9 of the Credit Agreement.

(d) The representations and warranties contained in Section 6 of the Credit Agreement are true and correct in all material respects as of the date hereof as though made on and as of the date hereof.

(e) No Default or Event of Default under the Credit Agreement has occurred and is continuing.

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

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confirmed in all respects and shall continue in full force and effect. Each of the Guarantors hereby confirms that its guaranty of the Guaranteed Obligations contained in Section 27 of the Credit Agreement remains in full force and effect. This Second 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 Second Amendment.

5. GOVERNING LAW. THIS SECOND AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (WITHOUT REFERENCE TO CONFLICT OF LAWS) AND SHALL TAKE EFFECT AS A SEALED INSTRUMENT IN ACCORDANCE WITH SUCH LAWS.

6. COUNTERPARTS. This Second Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts taken together shall be deemed to constitute one and the same instrument.

7. EFFECTIVENESS. This Second Amendment shall become effective upon the satisfaction of each of the following conditions (the "Effective Date"):

(a) This Second Amendment shall have been executed and delivered by the Borrower, the Guarantors, the Majority Banks, the Agents and the Bank Agents;

(b) All corporate action necessary for the valid execution, delivery and performance by the Borrower of the Credit Agreement, as amended by this Second Amendment, shall have been taken, and evidence thereof satisfactory to the Agents shall have been provided to the Agents; and

(c) The Borrower shall have completed an equity offering with net cash proceeds of at least \$75,000,000 on or before November 30, 1995.

IN WITNESS WHEREOF, each of the undersigned have duly executed this Second Amendment under seal as of the date first set forth above.

THE BORROWER:

USA WASTE SERVICES, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer

THE GUARANTORS:

- BEST PAK DISPOSAL, INC.
- BIG DIPPER ENTERPRISES, INC.
- BREM-AIR DISPOSAL, INC.
- CENTRAL ILLINOIS DISPOSAL,  
INC.
- COUNTRYSIDE LANDFILL, INC.
- CRYSTAL LAKE DISPOSAL, INC.
- CUSTOM DISPOSAL SERVICES,  
INC.
- EARTHMOVERS, INC.
- ELLIS-SCOTT, INC.
- ENVIROFIL, INC.
- ENVIROFIL OF ILLINOIS, INC.  
(FORMERLY LEROY BROWN & SONS,  
INC.)
- ENVIROFIL SERVICES, INC.
- ENVIRONMENTAL WASTE OF  
SKAGIT COUNTY, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

- EVH CO.
- EWA, INC. (FORMERLY MARCH  
ACQUISITION CORPORATION)
- FORCEES, INC.
- JUAN DE FUCA CORRUGATED,  
LTD.
- KITSAP COUNTY SANITARY  
LANDFILL, INC.
- LAKELAND PROPERTIES, INC.
- LIBERTY LANDFILL, INC.
- MEADOWBROOK CARTING CO.,  
INC.
- MID-JERSEY DISPOSAL CO., INC.
- MID-VALLEY ACQUISITION  
CORPORATION
- MISSION DISPOSAL, INC.
- NORTH SOUND SANITATION, INC.
- QUALITY RECYCLING CO., INC.

SACRAMENTO VALLEY  
ENVIRONMENTAL WASTE  
COMPANY  
SOIL REMEDIATION OF  
PHILADELPHIA, INC.  
SOUTH SOUND SANITATION, INC.  
STANWOOD CAMANO DISPOSAL,  
INC.  
STOCKTON SCAVENGERS  
ASSOCIATION  
USA WASTE HAULING OF  
PHILADELPHIA, INC.  
USA WASTE OF OKLAHOMA, INC.  
(FORMERLY UNITED SANITATION  
ASSOCIATES WASTE MANAGEMENT,  
INC.)  
USA WASTE OF ARIZONA, INC.  
USA WASTE OF ILLINOIS, INC.  
USA WASTE OF INDIANA, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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USA WASTE OF TEXAS, INC.  
(FORMERLY USA WASTE SERVICES,  
INC. OF TEXAS)  
U.S.A. WASTE OF FAIRLESS  
HILLS, INC.  
CLEANSOILS FAIRLESS HILLS,  
INC.  
WEST VIRGINIA WASTE  
SERVICES, INC.  
WPP, INC.  
WASTE RECOVERY  
CORPORATION  
CHAMBERS ACQUISITION CORP.  
CHAMBERS DEVELOPMENT  
COMPANY, INC.  
CHAMBERS CLEARVIEW  
ENVIRONMENTAL LANDFILL,  
INC.  
CHAMBERS DEVELOPMENT OF  
OHIO, INC.  
CHAMBERS DEVELOPMENT OF  
VIRGINIA, INC.  
CHAMBERS ENTERPRISES, INC.  
CHAMBERS INTERNATIONAL,  
INC.  
CHAMBERS LAUREL HIGHLANDS  
LANDFILL, INC.  
CHAMBERS MAPLEWOOD  
LANDFILL, INC.  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 2/12/85)  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 4/26/91)

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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CHAMBERS MEDICAL  
TECHNOLOGIES OF SOUTH  
CAROLINA, INC.  
CHAMBERS NEW JERSEY LAND,  
INC.  
CHAMBERS OAKRIDGE USA  
LANDFILL, INC.  
CHAMBERS ORANGE COUNTY  
LANDFILL, INC.  
CHAMBERS RESOURCES, INC.  
CHAMBERS RICHLAND COUNTY  
LANDFILL, INC.  
CHAMBERS SERVICES, INC.  
CHAMBERS SMYRNA LANDFILL,  
INC.  
CHAMBERS WASTE SYSTEMS OF  
CALIFORNIA, INC.  
CHAMBERS WASTE SYSTEMS OF  
FLORIDA, INC.  
CHAMBERS WASTE SYSTEMS OF  
MISSISSIPPI, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW YORK, INC.  
CHAMBERS WASTE SYSTEMS OF  
NORTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
OHIO, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW JERSEY, INC.  
CHAMBERS WASTE SYSTEMS OF  
RHODE ISLAND, INC.  
CHAMBERS WASTE SYSTEMS OF  
SOUTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
TEXAS, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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CHAMBERS WASTE SYSTEMS OF  
VIRGINIA, INC.  
CHAMBERS OF DELAWARE, INC.  
CHAMBERS OF GEORGIA, INC.  
CHAMBERS OF ILLINOIS, INC.

CHAMBERS OF INDIANA, INC.  
CHAMBERS OF NEW JERSEY,  
INC.  
CHAMBERS OF NEW JERSEY  
RECYCLING, INC.  
CHAMBERS OF MARYLAND, INC.  
CHAMBERS OF  
MASSACHUSETTS, INC.  
CHAMBERS OF MISSISSIPPI, INC.  
CHAMBERS OF PENNSYLVANIA,  
INC.  
CHAMBERS OF TENNESSEE, INC.  
CHAMBERS OF WEST VIRGINIA,  
INC.  
DAUPHIN MEADOWS, INC.  
THE H. SIENKNECHT CO.  
LCS SERVICES, INC.  
WILLIAM H. MARTIN, INC.  
MORRIS COUNTY TRANSFER  
STATION, INC.  
RAIL-IT CORPORATION  
REMOTE LANDFILL SERVICES,  
INC.  
CDC SERVICES, INC.  
SOUTHERN ALLEGHENIES  
DISPOSAL SERVICES, INC.  
U.S. SERVICES CORPORATION  
U.S. UTILITIES SERVICES CORP.  
CHAMBERS R & B LANDFILL,  
INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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RAIL-IT LIMITED PARTNERSHIP  
By: Rail-It Corporation, Its General Partner

By: /s/ EARL E. DEFRATES

-----  
Title: Executive VP & CFO  
-----

THE BANKS AND AGENTS:

THE FIRST NATIONAL BANK OF BOSTON,  
Individually and as Documentation Agent and  
Issuing Bank and as Agent

By: [ILLEGIBLE]

-----  
Title: Managing Director  
-----

BANK OF AMERICA, ILLINOIS, Individually  
and as Agent

By: [ILLEGIBLE]

-----  
Title: Vice President  
-----

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

By: /s/ LAURA E. REIM

-----  
Title: Vice President  
-----

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J.P. MORGAN SECURITIES INC., as Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. ASHBY

-----  
Title: Senior Manager Loan Operations  
-----

BANK ONE, TEXAS N.A.

By: \_\_\_\_\_

Title: \_\_\_\_\_

BANQUE PARIBAS, HOUSTON  
AGENCY

By: /s/ TIMOTHY A. DONNON

-----  
Title: Regional General Manager  
-----

By: /s/ SCOTT CLINGAN

-----  
Title: Vice President  
-----

BHF-BANK AG



By: [ILLEGIBLE]

-----  
Title: AVP  
-----

By: [ILLEGIBLE]

-----  
Title: VP  
-----

CIBC INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

COMERICA BANK

By: \_\_\_\_\_

Title: \_\_\_\_\_

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COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK,  
B.A., "RABOBANK NEDERLAND",  
NEW YORK BRANCH

By: /s/ STEPHEN A. RICH  
-----

Title: Vice President  
-----

By: /s/ W. JEFFREY VOLLACK  
-----

Title: Vice President, Manager  
-----

CREDIT LYONNAIS NEW YORK  
BRANCH

By: [ILLEGIBLE]

-----  
Title: Vice President  
-----

CREDIT LYONNAIS CAYMAN ISLAND  
BRANCH

By: [ILLEGIBLE]

-----  
Title: Authorized Signature  
-----

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

By: /s/ JEAN M. HANNINGAN

-----  
Title: Assistant Vice President  
-----

By: /s/ JOHN AUGSBURGER

-----  
Title: Vice President  
-----

FIRST INTERSTATE BANK OF TEXAS, N.A.

By: [ILLEGIBLE]

-----  
Title: Vice President  
-----

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FLEET BANK OF MASSACHUSETTS, N.A.

By: /s/ MARYANN S. SMITH

-----  
Title: Vice President  
-----

THE FUJI BANK, LIMITED, HOUSTON  
AGENCY

By: [ILLEGIBLE]

-----  
Title: Vice President and Senior Manager  
-----

HIBERNIA NATIONAL BANK

By: /s/ TROY J. VILLAFARRA

-----  
Title: Vice President  
-----

THE LONG-TERM CREDIT BANK OF  
JAPAN, LTD.

By: [ILLEGIBLE]

-----  
Title: Joint General Manager  
-----

NATWEST BANK N.A.

By: /s/ DILCIA PENA HILL

-----  
Title: Vice President  
-----

THE NIPPON CREDIT BANK, LTD.

By: [ILLEGIBLE]

-----  
Title: Vice President & Manager  
-----

THE SUMITOMO BANK, LTD. -  
HOUSTON AGENCY

By: [ILLEGIBLE]

-----  
Title: General Manager  
-----

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SOCIETY NATIONAL BANK

By: [ILLEGIBLE]

-----  
Title: VP & Manager  
-----

UNION BANK

By: [ILLEGIBLE]

-----  
Title: [ILLEGIBLE]  
-----

WELLS FARGO BANK, N.A.

By: [ILLEGIBLE]

-----  
Title: SVP  
-----

VAN KAMPEN MERRITT PRIME RATE INCOME TRUST

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE SANWA BANK, LIMITED, DALLAS AGENCY

By: /s/ MATTHEW G. PATRICK

-----  
Title: Vice President  
-----

THIRD AMENDMENT TO REVOLVING  
CREDIT AND TERM LOAN AGREEMENT

THIS THIRD AMENDMENT TO REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "Third Amendment") is made and entered into as of the 26th day of January, 1996, by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Borrower"), its Subsidiaries listed on Schedule 1 to the Credit Agreement defined below (collectively the "Guarantors"), THE FIRST NATIONAL BANK OF BOSTON, a national banking association ("FNBB"), BANK OF AMERICA ILLINOIS, an Illinois banking association ("BAI"), and J.P. MORGAN SECURITIES, INC., a Delaware corporation ("J.P. Morgan") (collectively, the "Agents"), FNBB, BAI, Morgan Guaranty Trust Company of New York, a New York state banking association ("MGT") and the other financial institutions party hereto (collectively, the "Banks"), and MGT as the Administrative Agent and FNBB, as Documentation Agent (collectively, the "Bank Agents").

WHEREAS, the Borrower, the Guarantors, the Banks, the Agents and the Bank Agents are party to a Revolving Credit and Term Loan Agreement dated as of June 30, 1995, as amended by the First Amendment to Revolving Credit and Term Loan Agreement dated as of August 11, 1995 and the Second Amendment dated as of September 7, 1995 (as so amended, the "Credit Agreement"), pursuant to which the Banks have extended credit to the Borrower on the terms set forth therein;

WHEREAS, the Borrower has requested that the Banks, the Agents, and the Bank Agents amend the definition of Investments contained in the Credit Agreement to exclude certain investments by the Borrower, and the Banks, the Agents and the Bank Agents are willing to amend the Credit Agreement on the terms and conditions set forth herein;

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 to amend the Credit Agreement as follows:

1. DEFINITIONS. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

2. AMENDMENT TO Section 1.1 OF THE CREDIT AGREEMENT. Section 1.1 of the Credit Agreement is hereby amended by inserting the following parenthetical after the text "the acquisition of stock" in the second line of the definition of Investments: "(other than the capital stock of Western Waste Industries, Inc. owned by the Borrower as of December 18, 1995 provided that the aggregate amount excluded from the determination of Investments

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outstanding at any particular time pursuant to this parenthetical shall not exceed \$13,000,000)".

3. REPRESENTATIONS AND WARRANTIES. The Borrower and the Guarantors jointly and severally represent and warrant as follows:

(a) The execution, delivery and performance of this Third Amendment and the Credit Agreement, as modified by this Third Amendment, and the transactions contemplated hereby and thereby (i) are within the corporate authority of the Borrower and each of the Guarantors, (ii) have been duly authorized by all necessary corporate proceedings on the part of the respective Borrower or Guarantor, (iii) do not conflict with or result in any material breach or contravention of any provision of law, statute, rule or regulation to which the Borrower or any Guarantor is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or any Guarantor so as to materially adversely affect the assets, business or any activity of the Borrower and the Guarantors as a whole, and (iv) do not conflict with any

provision of the corporate charter or bylaws of the Borrower or any Guarantor or any agreement or other instrument binding upon the Borrower or any Guarantor.

(b) The execution, delivery and performance of this Third Amendment and the Credit Agreement, as modified by this Third Amendment, will result in valid and legally binding obligations of the Borrower and the Guarantors party thereto enforceable against each 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.

(c) The execution, delivery and performance by the Borrower and the Guarantors of this Third Amendment and the Credit Agreement, as modified by this Third Amendment, and the consummation by the Borrower and the Guarantors 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 the Guarantors' performance of their covenants contained in Sections 7, 8 and 9 of the Credit Agreement.

(d) The representations and warranties contained in Section 6 of the Credit Agreement are true and correct in all material respects as of the date hereof as though made on and as of the date hereof.

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(e) No Default or Event of Default under the Credit Agreement has occurred and is continuing.

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. Each of the Guarantors hereby confirms that its guaranty of the Guaranteed Obligations contained in Section 27 of the Credit Agreement remains in full force and effect. This Third 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 Third Amendment.

5. GOVERNING LAW. THIS THIRD AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (WITHOUT REFERENCE TO CONFLICT OF LAWS) AND SHALL TAKE EFFECT AS A SEALED INSTRUMENT IN ACCORDANCE WITH SUCH LAWS.

6. COUNTERPARTS. This Third Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts taken together shall be deemed to constitute one and the same instrument.

7. EFFECTIVENESS. This Third Amendment shall become effective upon the satisfaction of each of the following conditions (the "Effective Date"):

(a) This Third Amendment shall have been executed and delivered by the Borrower, the Guarantors, the Majority Banks, the Agents and the Bank Agents; and

(b) All corporate action necessary for the valid execution, delivery and performance by the Borrower of the Credit Agreement, as amended by this Third Amendment, shall have been taken, and evidence thereof satisfactory to the Agents shall have been provided to the Agents.

IN WITNESS WHEREOF, each of the undersigned have duly executed this Third Amendment under seal as of the date first set forth above.

THE BORROWER:  
USA WASTE SERVICES, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer

THE GUARANTORS:

BEST PAK DISPOSAL, INC.  
BIG DIPPER ENTERPRISES, INC.  
BREM-AIR DISPOSAL, INC.  
CENTRAL ILLINOIS DISPOSAL,  
INC.  
COUNTRYSIDE LANDFILL, INC.  
CRYSTAL LAKE DISPOSAL, INC.  
CUSTOM DISPOSAL SERVICES,  
INC.  
EARTHMOVERS, INC.  
ELLIS-SCOTT, INC.  
ENVIROFIL, INC.  
ENVIROFIL OF ILLINOIS, INC.  
(FORMERLY LEROY BROWN & SONS, INC.)  
ENVIROFIL SERVICES, INC.  
ENVIRONMENTAL WASTE OF  
SKAGIT COUNTY, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

EVH CO.  
EWA, INC. (FORMERLY MARCH  
ACQUISITION CORPORATION)  
FORCEES, INC.  
JUAN DE FUCA CORRUGATED,  
LTD.  
KITSAP COUNTY SANITARY  
LANDFILL, INC.  
LAKELAND PROPERTIES, INC.  
LIBERTY LANDFILL, INC.  
MEADOWBROOK CARTING CO.,  
INC.  
MID-JERSEY DISPOSAL CO., INC.  
MID-VALLEY ACQUISITION  
CORPORATION  
MISSION DISPOSAL, INC.  
NORTH SOUND SANITATION, INC.  
QUALITY RECYCLING CO., INC.  
SACRAMENTO VALLEY  
ENVIRONMENTAL WASTE  
COMPANY

SOIL REMEDIATION OF  
PHILADELPHIA, INC.  
SOUTH SOUND SANITATION, INC.  
STANWOOD CAMANO DISPOSAL,  
INC.  
STOCKTON SCAVENGERS  
ASSOCIATION  
USA WASTE HAULING OF  
PHILADELPHIA, INC.  
USA WASTE OF OKLAHOMA, INC.  
(FORMERLY UNITED SANITATION  
ASSOCIATES WASTE MANAGEMENT,  
INC.)  
USA WASTE OF ARIZONA, INC.  
USA WASTE OF ILLINOIS, INC.  
USA WASTE OF INDIANA, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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USA WASTE OF TEXAS, INC.  
(FORMERLY USA WASTE SERVICES,  
INC. OF TEXAS)  
U.S.A. WASTE OF FAIRLESS  
HILLS, INC.  
CLEANSOILS FAIRLESS HILLS,  
INC.  
WEST VIRGINIA WASTE  
SERVICES, INC.  
WPP, INC.  
WASTE RECOVERY  
CORPORATION  
CHAMBERS ACQUISITION CORP.  
CHAMBERS DEVELOPMENT  
COMPANY, INC.  
CHAMBERS CLEARVIEW  
ENVIRONMENTAL LANDFILL,  
INC.  
CHAMBERS DEVELOPMENT OF  
OHIO, INC.  
CHAMBERS DEVELOPMENT OF  
VIRGINIA, INC.  
CHAMBERS ENTERPRISES, INC.  
CHAMBERS INTERNATIONAL,  
INC.  
CHAMBERS LAUREL HIGHLANDS  
LANDFILL, INC.  
CHAMBERS MAPLEWOOD  
LANDFILL, INC.  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 2/12/85)  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 4/26/91)

By: /s/ EARL E. DEFRATES



Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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CHAMBERS MEDICAL  
TECHNOLOGIES OF SOUTH  
CAROLINA, INC.  
CHAMBERS NEW JERSEY LAND,  
INC.  
CHAMBERS OAKRIDGE USA  
LANDFILL, INC.  
CHAMBERS ORANGE COUNTY  
LANDFILL, INC.  
CHAMBERS RESOURCES, INC.  
CHAMBERS RICHLAND COUNTY  
LANDFILL, INC.  
CHAMBERS SERVICES, INC.  
CHAMBERS SMYRNA LANDFILL,  
INC.  
CHAMBERS WASTE SYSTEMS OF  
CALIFORNIA, INC.  
CHAMBERS WASTE SYSTEMS OF  
FLORIDA, INC.  
CHAMBERS WASTE SYSTEMS OF  
MISSISSIPPI, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW YORK, INC.  
CHAMBERS WASTE SYSTEMS OF  
NORTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
OHIO, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW JERSEY, INC.  
CHAMBERS WASTE SYSTEMS OF  
RHODE ISLAND, INC.  
CHAMBERS WASTE SYSTEMS OF  
SOUTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
TEXAS, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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CHAMBERS WASTE SYSTEMS OF  
VIRGINIA, INC.  
CHAMBERS OF DELAWARE, INC.  
CHAMBERS OF GEORGIA, INC.  
CHAMBERS OF ILLINOIS, INC.  
CHAMBERS OF INDIANA, INC.  
CHAMBERS OF NEW JERSEY,  
INC.  
CHAMBERS OF NEW JERSEY  
RECYCLING, INC.  
CHAMBERS OF MARYLAND, INC.  
CHAMBERS OF  
MASSACHUSETTS, INC.

CHAMBERS OF MISSISSIPPI, INC.  
CHAMBERS OF PENNSYLVANIA,  
INC.  
CHAMBERS OF TENNESSEE, INC.  
CHAMBERS OF WEST VIRGINIA,  
INC.  
DAUPHIN MEADOWS, INC.  
THE H. SIENKNECHT CO.  
LCS SERVICES, INC.  
WILLIAM H. MARTIN, INC.  
MORRIS COUNTY TRANSFER  
STATION, INC.  
RAIL-IT CORPORATION  
REMOTE LANDFILL SERVICES,  
INC.  
CDC SERVICES, INC.  
SOUTHERN ALLEGHENIES  
DISPOSAL SERVICES, INC.  
U.S. SERVICES CORPORATION  
U.S. UTILITIES SERVICES CORP.  
CHAMBERS R & B LANDFILL,  
INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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RAIL-IT LIMITED PARTNERSHIP  
By: Rail-It Corporation, Its General Partner

By: /s/ EARL E. DEFRATES

-----  
Title: Vice President  
-----

THE BANKS AND AGENTS:

THE FIRST NATIONAL BANK OF BOSTON,  
Individually and as Documentation Agent and  
Issuing Bank and as Agent

By: [ILLEGIBLE]

-----  
Title: Managing Director  
-----

BANK OF AMERICA, ILLINOIS, Individually  
and as Agent

By: [ILLEGIBLE]

-----  
Title: Vice President

-----  
MORGAN GUARANTY TRUST COMPANY OF NEW YORK,  
Individually and as the Administrative Agent

By: /s/ TIMOTHY S. BROADBENT  
-----

Title: Vice President  
-----

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J.P. MORGAN SECURITIES INC., as Agent

By: [ILLEGIBLE]  
-----

Title: VP  
-----

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. ASHBY  
-----

Title: Senior Manager Loan Operations  
-----

BANK ONE, TEXAS N.A.

By: [ILLEGIBLE]  
-----

Title: Vice President  
-----

BANQUE PARIBAS, HOUSTON  
AGENCY

By: /s/ SCOTT CLINGARS  
-----

Title: Vice President  
-----

By: [ILLEGIBLE]  
-----

Title: Vice President  
-----

BHF-BANK AKTIENGESELLSCHAFT

By: [ILLEGIBLE]  
-----

Title: VP  
-----

By: [ILLEGIBLE]

-----  
Title: VP  
-----

CIBC INC.

By: [ILLEGIBLE]

-----  
Title: Authorized Signature  
-----

COMERICA BANK

By: [ILLEGIBLE]

-----  
Title: First Vice President  
-----

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COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK,  
B.A., "RABOBANK NEDERLAND",  
NEW YORK BRANCH

By: /s/ DANA W. HEMENWAY

-----  
Title: Vice President  
-----

By: /s/ IAN REECE

-----  
Title: Vice President & Manager  
-----

CREDIT LYONNAIS NEW YORK  
BRANCH

By: [ILLEGIBLE]

-----  
Title: Vice President  
-----

CREDIT LYONNAIS CAYMAN ISLAND  
BRANCH

By: [ILLEGIBLE]

-----  
Title: Authorized Signature  
-----

DEUTSCHE BANK AG, NEW YORK

AND/OR CAYMAN ISLANDS  
BRANCHES

By: /s/ JOHN AUGSBURGER

-----  
Title: Vice President  
-----

By: /s/ JEAN M. HANNIGAN

-----  
Title: Assistant Vice President  
-----

FIRST INTERSTATE BANK OF TEXAS,  
N.A.

By: [ILLEGIBLE]

-----  
Title: Vice President  
-----

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FLEET BANK OF MASSACHUSETTS,  
N.A.

By: /s/ THOMAS J. BULLARD

-----  
Title: Vice President  
-----

THE FUJI BANK, LIMITED, HOUSTON  
AGENCY

By: [ILLEGIBLE]

-----  
Title: Vice President & Joint Manager  
-----

HIBERNIA NATIONAL BANK

By: /s/ TROY J. VILLAFARRA

-----  
Title: Vice President  
-----

THE LONG-TERM CREDIT BANK OF  
JAPAN, LTD.

By: [ILLEGIBLE]

-----  
Title: Joint General Manager  
-----

NATWEST BANK N.A.

By: /s/ DILICIA PENA HILL

-----  
Title: Vice President  
-----

THE NIPPON CREDIT BANK, LTD.

By: [ILLEGIBLE]

-----  
Title: Vice President & Manager  
-----

THE SUMITOMO BANK, LTD. -  
HOUSTON AGENCY

By: /s/ HARUMITSU SEKI

-----  
Title: General Manager  
-----

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SOCIETY NATIONAL BANK

By: /s/ LAWRENCE A. MACK

-----  
Title: Vice President  
-----

UNION BANK

By: /s/ JULIE D. BLOOMFIELD

-----  
Title: Vice President  
-----

WELLS FARGO BANK, N.A.

By: /s/ KELLIE DEWHITT

-----  
Title: Vice President  
-----

VAN KAMPEN AMERICAN CAPITAL PRIME RATE  
INCOME TRUST

By: /s/ JEFFREY W. MAILLET

-----  
Title: Sr. Vice Pres.- Portfolio Mgr.  
-----

THE SANWA BANK, LIMITED, DALLAS AGENCY

By: [ILLEGIBLE]

-----  
Title: Vice President  
-----

FOURTH AMENDMENT TO  
REVOLVING CREDIT AND TERM LOAN AGREEMENT

THIS FOURTH AMENDMENT TO REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "Fourth Amendment") is made and entered into as of the 29th day of February, 1996, by and among USA WASTE SERVICES, INC., a Delaware corporation (the "Borrower"), its Subsidiaries listed on Schedule 1 to the Credit Agreement defined below (collectively the "Guarantors"), THE FIRST NATIONAL BANK OF BOSTON, a national banking association ("FNBB"), BANK OF AMERICA ILLINOIS, an Illinois banking association ("BAI"), and J.P. MORGAN SECURITIES, INC., a Delaware corporation ("J.P. Morgan") (collectively, the "Agents"), FNBB, BAI, Morgan Guaranty Trust Company of New York, a New York state banking association ("MGT") and the other financial institutions party hereto (collectively, the "Banks"), and MGT as the Administrative Agent and FNBB, as Documentation Agent (collectively, the "Bank Agents").

WHEREAS, the Borrower, the Guarantors, the Banks, the Agents and the Bank Agents are party to a Revolving Credit and Term Loan Agreement dated as of June 30, 1995, as amended by the First Amendment to Revolving Credit and Term Loan Agreement dated as of August 11, 1995, the Second Amendment to Revolving Credit and Term Loan Agreement dated as of September 7, 1995 and the Third Amendment to Revolving Credit and Term Loan Agreement dated as of January 26, 1996 (as so amended, the "Credit Agreement"), pursuant to which the Banks have extended credit to the Borrower on the terms set forth therein;

WHEREAS, the Borrower has requested that the Banks, the Agents, and the Bank Agents amend certain provisions of the Credit Agreement in connection with the Borrower's acquisition of Western Waste Industries, and the Banks, the Agents and the Bank Agents are willing to so amend the Credit Agreement on the terms and conditions set forth herein;

WHEREAS, the Borrower has requested that the Banks, the Agents, and the Bank Agents amend certain provisions of the Credit Agreement in connection with the Borrower's entering into a credit facility provided by FNBB, BAI and MGT to finance the Western Waste Merger and the Banks, the Agents and the Bank Agents are willing to so amend the Credit Agreement on the terms and conditions set forth herein;

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 to amend the Credit Agreement as follows:

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1. DEFINITIONS. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT. As of the Effective Date (as hereinafter defined), the Credit Agreement is hereby amended as follows:

(a) The definition of "Consolidated Earnings Before Interest and Taxes, or EBIT" set forth in Section 1.1 of the Credit Agreement is hereby amended by deleting such definition in its entirety and substituting the following new definition in place thereof:

"Consolidated Earnings Before Interest and Taxes, or EBIT. For any period, the Consolidated Net Income (or Deficit) of the Borrower and the Guarantors on a consolidated basis plus (1) interest expense, (2) income taxes, (3) up to \$25,000,000 of merger expenses with respect to the Chambers Merger taken as a special charge in the quarter in which the Chambers Merger is consummated and (4) up to \$25,000,000 in merger expenses with respect to the Western Waste



Merger taken as a special charge in the quarter in which the Western Waste Merger is consummated, to the extent that each was deducted in determining Consolidated Net Income."

(b) Section 1.1 of the Credit Agreement is hereby amended by inserting the following new definitions immediately after the definition of "Total Revolving Credit Commitment" set forth therein:

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

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

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

(c) Section 2.4 of the Credit Agreement is hereby amended by deleting the amount "\$160,000,000" set forth in the eleventh line thereof and substituting the amount "\$180,000,000" in place thereof.

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(d) Section 2.8 of the Credit Agreement is hereby amended by deleting the amount "\$160,000,000" set forth in the seventh line thereof and substituting in place thereof the amount "\$180,000,000".

(e) Section 8.1 of the Credit Agreement is hereby amended by:

(i) deleting the words "subsection (g) or (m) hereof" set forth in Section 8.1(h)(iii) and substituting in place thereof the words "subsection (g), (m) or (p) of this Section 8.1";

(ii) deleting the word "and" at the end of Section 8.1(o);

(iii) deleting the letter "(p)" at the beginning of Section 8.1(p) and substituting the letter "(r)" in place thereof; and

(iv) inserting the following new Sections 8.1(p) and (q) immediately after Section 8.1(o):

"(p) Indebtedness in an aggregate amount of up to \$32,200,000 with respect to IRBs of Western Waste listed on Schedule 8.1(p) (the "Western Waste IRBs"), including Indebtedness with respect to letters of credit issued for the account of Western Waste by Bank of California, Bank of America or Citibank to secure or enhance the Western Waste IRBs, which letters of credit may be replaced by Letters of Credit issued hereunder; provided that the Western Waste IRBs shall not be deemed to be Enhanced IRBs if secured or enhanced by Letters of Credit issued hereunder;

(q) Indebtedness consisting of senior unsecured debt in an amount not to exceed the sum of (i) \$75,000,000 minus (ii) the amount of the Indebtedness outstanding under Section 8.1(p) which is secured or enhanced by letters of credit other than Letters of Credit issued hereunder, arising under a credit facility (the "Bridge Loan Facility") provided by FNBB, BAI and MGT to finance the Western Waste Merger, which Bridge Loan Facility shall: (A) be an obligation of the Borrower which is guaranteed by each of the Subsidiaries of the Borrower which is a Guarantor; (B) have a term of 364 days; (C) be unsecured; (D) incorporate by reference those covenants contained in this Agreement as in effect on the closing date of such facility; (E) contain provisions requiring mandatory repayment by the Borrower of all amounts outstanding under the Bridge Loan Facility

if the Obligations are refinanced or increased; and (F) contain "release on sale" provisions whereby the guarantee of the Bridge Loan Facility given by any Subsidiary of the Borrower would be automatically released upon (i) the sale of the stock or all or substantially all of the assets of such Subsidiary, or any merger of such Subsidiary into another Person permitted under Section 8.4 of the Credit Agreement; provided that any Subsidiary receiving assets or stock or surviving a merger in connection therewith is or becomes a Guarantor of the Bridge Loan or (ii) sale or foreclosure by the Banks on the stock of a Subsidiary provided that all proceeds of any such sale or foreclosure would first be applied to the Obligations; and"

(f) Section 8.2 of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of Section 8.2(h), (ii) deleting the period at the end of Section 8.2(i) and substituting a semi-colon and the word "and" in place thereof, and (iii) inserting the following new Section 8.2(j) immediately after Section 8.2(i):

"(j) Liens securing Indebtedness permitted by Section 8.1(p) hereof; provided that the assets subject to such liens and security interests shall be limited to those solid waste disposal facilities constructed with the proceeds of the Western Waste IRBs."

(g) Schedule 1 to the Credit Agreement is hereby amended by deleting such Schedule 1 in its entirety and substituting Schedule 1 attached hereto in place thereof. By its signature below, each of the Subsidiaries of the Borrower listed on Exhibit 2(g) to this Fourth Amendment hereby (i) becomes a party to the Credit Agreement and agrees to be legally bound as a Guarantor thereunder, (ii) becomes a party to the Pledge Agreement and agrees to be legally bound as a Pledgor thereunder, (iii) becomes a party to the Security Agreement and agrees to be legally bound as a Company thereunder.

3. CONSENT TO WESTERN WASTE MERGER. Notwithstanding the provisions of clause (f) of the second sentence of Section 8.4 of the Credit Agreement, each of the undersigned Banks, the Agents and the Bank Agents hereby consents to the Western Waste Merger; provided that (a) no Default or Event of Default has occurred and is continuing at the time thereof, or would occur after giving effect thereto; (b) the Western Waste Merger shall be on terms and conditions substantially the same as described in the Western Waste Merger Agreement, (c) the Western Waste Merger shall comply with all of the other terms and conditions set forth in Section 8.4 (other than clause (f) of the second sentence of Section 8.4), including without limitation, the requirements that the Riviera Acquisition Corporation Subsidiary and all former Western Waste

Subsidiaries surviving the Western Waste Merger (collectively, the "Surviving Western Waste Subsidiaries") shall make each of the representations and warranties made by a Guarantor under the Credit Agreement and shall become Guarantors of the Obligations and be made a party to the Credit Agreement, the Pledge Agreement, the Partnership Pledge Agreement and the Security Agreement, and the stock of each of the Surviving Western Waste Subsidiaries shall be pledged and delivered, along with appropriate instruments of transfer executed in blank, to the Banks under the Pledge Agreement (collectively, the "Adherence Documents"), in each case on the effective date of the Western Waste Merger, and (d) the Effective Date shall have occurred.

4. REPRESENTATIONS AND WARRANTIES. The Borrower and the Guarantors jointly and severally represent and warrant as of the Effective Date as follows:

(a) The execution, delivery and performance of this Fourth Amendment and the Credit Agreement, as modified by this Fourth Amendment, and the

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

(b) The execution, delivery and performance of this Fourth Amendment and the Credit Agreement, as modified by this Fourth Amendment, will result in valid and legally binding obligations of the Borrower and the Guarantors party thereto enforceable against each 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.

(c) The execution, delivery and performance by the Borrower and the Guarantors of this Fourth Amendment and the Credit Agreement, as modified by this Fourth Amendment, and the consummation by the Borrower and the

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Guarantors 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 the Guarantors' performance of their covenants contained in Sections 7, 8 and 9 of the Credit Agreement.

(d) The representations and warranties contained in Section 6 of the Credit Agreement are true and correct in all material respects as of the date hereof as though made on and as of the date hereof.

(e) No Default or Event of Default under the Credit Agreement has occurred and is continuing.

5. 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. Each of the Guarantors hereby confirms that its guaranty of the Guaranteed Obligations contained in Section 27 of the Credit Agreement remains in full force and effect. This Fourth 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 Fourth Amendment.

6. GOVERNING LAW. THIS FOURTH AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (WITHOUT REFERENCE TO CONFLICT OF LAWS) AND SHALL TAKE EFFECT AS A SEALED INSTRUMENT IN ACCORDANCE WITH SUCH LAWS.

7. COUNTERPARTS. This Fourth Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts taken together shall be deemed to constitute one and the same instrument.

8. EFFECTIVENESS. This Fourth Amendment shall become effective upon the

satisfaction of each of the following conditions (the "Effective Date"):

(a) This Fourth Amendment shall have been executed and delivered by the Borrower, the Guarantors, the Majority Banks, the Agents and the Bank Agents;

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(b) All corporate action necessary for the valid execution, delivery and performance by the Borrower and the Guarantors of the Credit Agreement, as amended by this Fourth Amendment, and of the Adherence Documents by the Surviving Western Waste Subsidiaries shall have been taken, and evidence thereof satisfactory to the Agents shall have been provided to the Agents;

(c) The Agents shall have received a certificate of the Secretary or Clerk of the Borrower (i) stating that there have been no amendments to or modifications of the charter documents of the Borrower or any Guarantor since June 30, 1995 (other than as set forth on such certificate) and (ii) stating that Schedule 1 to the Credit Agreement sets forth a complete and accurate list of all of the Subsidiaries of the Borrower as of the Effective Date (other than as set forth on such certificate);

(d) The Documentation Agent shall have received (i) all of the stock certificates, together with stock powers executed in blank with respect to the stock pledged pursuant to the Pledge Agreement, including, without limitation, the stock certificates of each of the Surviving Western Waste Subsidiaries and (ii) copies of all charter documents all Surviving Western Waste Subsidiaries;

(e) The Banks shall have received a favorable legal opinion from outside counsel to the Borrower and the Guarantors addressed to the Banks, dated the Effective Date, in form and substance satisfactory to the Documentation Agent concerning the effectiveness of the Western Waste Merger and the Adherence Documents and such other matters reasonably requested by the Documentation Agent;

(f) The Documentation Agent shall have received evidence satisfactory in form and substance to the Documentation Agent as to the existence of no liens on the assets of the Surviving Western Waste Subsidiaries (other than liens permitted by the Credit Agreement); and

(g) The Banks shall have received evidence of the closing of the Bridge Loan Facility on the terms described in Section 8.1(q) hereof.

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IN WITNESS WHEREOF, each of the undersigned have duly executed this Fourth Amendment under seal as of the date first set forth above.

THE BORROWER:  
USA WASTE SERVICES, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer

THE GUARANTORS:

USA WASTE OF HOUSTON, INC.  
(FORMERLY BEST PAK DISPOSAL, INC.)  
BIG DIPPER ENTERPRISES, INC.  
BREM-AIR DISPOSAL, INC.  
CENTRAL ILLINOIS DISPOSAL, INC.  
COUNTRYSIDE LANDFILL, INC.  
CRYSTAL LAKE DISPOSAL, INC.  
CUSTOM DISPOSAL SERVICES, INC.

EARTHMOVERS, INC.  
ELLIS-SCOTT, INC.  
ENVIROFIL, INC.  
ENVIROFIL OF ILLINOIS, INC.  
(FORMERLY LEROY BROWN & SONS, INC.)  
ENVIROFIL SERVICES, INC.  
ENVIRONMENTAL WASTE OF  
SKAGIT COUNTY, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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EVH CO.  
EWA, INC. (FORMERLY MARCH  
ACQUISITION CORPORATION)  
FORCEES, INC.  
JUAN DE FUCA CORRUGATED, LTD.  
OLYMPIC VIEW SANITARY  
LANDFILL, INC. (FORMERLY, KITSAP  
COUNTY SANITARY LANDFILL, INC.)  
LAKELAND PROPERTIES, INC.  
LIBERTY LANDFILL, INC.  
MEADOWBROOK CARTING CO., INC.  
MID-JERSEY DISPOSAL CO., INC.  
MID-VALLEY ACQUISITION  
CORPORATION  
MISSION DISPOSAL, INC.  
NORTH SOUND SANITATION, INC.  
QUALITY RECYCLING CO., INC.  
SACRAMENTO VALLEY  
ENVIRONMENTAL WASTE COMPANY  
SOIL REMEDIATION OF  
PHILADELPHIA, INC.  
SOUTH SOUND SANITATION, INC.  
STANWOOD CAMANO DISPOSAL, INC.  
STOCKTON SCAVENGERS ASSOCIATION  
USA WASTE HAULING OF  
PHILADELPHIA, INC.  
USA WASTE OF OKLAHOMA, INC.  
(FORMERLY UNITED SANITATION ASSOCIATES  
WASTE MANAGEMENT, INC.)  
USA WASTE OF ARIZONA, INC.  
USA WASTE OF ILLINOIS, INC.  
USA WASTE OF INDIANA, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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USA WASTE OF TEXAS, INC.  
(FORMERLY USA WASTE SERVICES,  
INC. OF TEXAS)  
U.S.A. WASTE OF FAIRLESS  
HILLS, INC.  
CLEANSOILS FAIRLESS HILLS, INC.  
WEST VIRGINIA WASTE SERVICES, INC.  
WPP, INC.  
WASTE RECOVERY CORPORATION  
CHAMBERS ACQUISITION CORP.  
CHAMBERS DEVELOPMENT COMPANY, INC.  
CHAMBERS CLEARVIEW  
ENVIRONMENTAL LANDFILL, INC.  
CHAMBERS DEVELOPMENT OF  
OHIO, INC.  
CHAMBERS DEVELOPMENT OF  
VIRGINIA, INC.  
CHAMBERS ENTERPRISES, INC.  
CHAMBERS INTERNATIONAL, INC.  
CHAMBERS LAUREL HIGHLANDS  
LANDFILL, INC.  
CHAMBERS ENERGY, INC.  
(FORMERLY CHAMBERS MAPLEWOOD  
LANDFILL, INC.)  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 2/12/85)  
CHAMBERS MEDICAL  
TECHNOLOGIES, INC.  
(INCORPORATED 4/26/91)

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

CHAMBERS MEDICAL  
TECHNOLOGIES OF SOUTH  
CAROLINA, INC.  
CHAMBERS OAKRIDGE USA  
LANDFILL, INC.  
CHAMBERS ORANGE COUNTY  
LANDFILL, INC.  
CHAMBERS RESOURCES, INC.  
CHAMBERS RICHLAND COUNTY  
LANDFILL, INC.  
CHAMBERS SERVICES, INC.  
CHAMBERS SMYRNA LANDFILL, INC.  
CHAMBERS WASTE SYSTEMS OF  
CALIFORNIA, INC.  
CHAMBERS WASTE SYSTEMS OF  
FLORIDA, INC.  
CHAMBERS WASTE SYSTEMS OF  
MISSISSIPPI, INC.  
CHAMBERS WASTE SYSTEMS OF  
NEW YORK, INC.  
CHAMBERS WASTE SYSTEMS OF  
NORTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
OHIO, INC.  
CHAMBERS WASTE SYSTEMS OF

NEW JERSEY, INC.  
CHAMBERS WASTE SYSTEMS OF  
RHODE ISLAND, INC.  
CHAMBERS WASTE SYSTEMS OF  
SOUTH CAROLINA, INC.  
CHAMBERS WASTE SYSTEMS OF  
TEXAS, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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CHAMBERS OF DELAWARE, INC.  
CHAMBERS OF GEORGIA, INC.  
CHAMBERS OF ILLINOIS, INC.  
CHAMBERS OF INDIANA, INC.  
CHAMBERS OF NEW JERSEY, INC.  
CHAMBERS OF MARYLAND, INC.  
CHAMBERS OF MASSACHUSETTS, INC.  
CHAMBERS OF MISSISSIPPI, INC.  
CHAMBERS OF PENNSYLVANIA, INC.  
CHAMBERS OF TENNESSEE, INC.  
CHAMBERS OF WEST VIRGINIA, INC.  
DAUPHIN MEADOWS, INC.  
THE H. SIENKNECHT CO.  
LCS SERVICES, INC.  
WILLIAM H. MARTIN, INC.  
MORRIS COUNTY TRANSFER  
STATION, INC.  
RAIL-IT CORPORATION  
REMOTE LANDFILL SERVICES, INC.  
CDC SERVICES, INC.  
SOUTHERN ALLEGHENIES  
DISPOSAL SERVICES, INC.  
U.S. SERVICES CORPORATION  
U.S. UTILITIES SERVICES CORP.  
CHAMBERS R & B LANDFILL, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

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WHITE BROS. TRUCKING COMPANY  
USA WASTE TRANSFER OF  
PHILADELPHIA, INC.  
USA WASTE SERVICES OF WESTERN  
ILLINOIS, INC.  
ART-JO COMPANY  
BRAZORIA COUNTY RECYCLING CENTER,  
INC.  
ELLESOR, INC.  
FULTON SANITATION SERVICE, INC.  
MODERN SANITATION, INC.  
OLD DOMINION RECYCLING

SERVICE, INC.  
SAFETY RECYCLING COMPANY, INC.  
SUNRAY SERVICES, INC.

By: /s/ EARL E. DEFRATES

-----  
Earl E. DeFrates, Executive Vice  
President and Chief Financial  
Officer of each of the Companies  
listed above

RAIL-IT LIMITED PARTNERSHIP

By: Rail-It Corporation,  
Its General Partner

By: /s/ EARL E. DEFRATES

-----  
Title: VP  
-----

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THE BANKS AND AGENTS:

THE FIRST NATIONAL BANK OF BOSTON,  
Individually and as Documentation Agent  
and Issuing Bank and as Agent

By: /s/ CHARLES C. WOODARD

-----  
Title: Managing Director  
-----

BANK OF AMERICA, ILLINOIS, Individually  
and as Agent

By: /s/ ROBERT P. ROSPIERSKI

-----  
Title: Vice President  
-----

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

By: /s/ LAURA E. REIM

-----  
Title: Vice President  
-----

J.P. MORGAN SECURITIES INC., as Agent



By: /s/ CAROLINE NAPIER  
-----  
Title: Vice President  
-----

THE BANK OF NOVA SCOTIA  
By: /s/ F. C. H. ASHBY  
-----  
Title: Senior Manager Loan Operations  
-----

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BANK ONE, TEXAS N.A.  
By: /s/ H. GALE SMITH  
-----  
Title: Vice President  
-----

BANK OF TOKYO, LTD., DALLAS  
AGENCY  
By: /s/ JOHN E. BECKWITH  
-----  
Title: Vice President  
-----

BANQUE PARIBAS, HOUSTON  
AGENCY  
By: /s/ CHERYL JOHNSON  
-----  
Title: Assistant Vice President  
-----

By: /s/ SCOTT CLINGAN  
-----  
Title: Vice President  
-----

BHF-BANK AKTIENGESELLSCHAFT  
By: /s/ LIND PACE /s/ EVON CONTOS  
-----  
Title: Assistant Vice President  
-----  
Vice President  
-----

CIBC INC.  
By: /s/ GARY C. GASKILL  
-----  
Title: Authorized Signatory  
-----

COMERICA BANK

By: /s/ CHARLES A. VIANE

-----  
Title: First Vice President  
-----

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COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK,  
B.A., "RABOBANK NEDERLAND",  
NEW YORK BRANCH

By: /s/ MICHEL DE KONKOLY THEGE

-----  
Title: Deputy General Director  
-----

By: /s/ DANA W. HEMENWAY

-----  
Title: Vice President  
-----

CREDIT LYONNAIS NEW YORK  
BRANCH

By: /s/ ROBERT H. DIAL

-----  
Title: Vice President  
-----

CREDIT LYONNAIS CAYMAN ISLAND  
BRANCH

By: /s/ ROBERT H. DIAL

-----  
Title: Vice President  
-----

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

By: /s/ JEAN M. HANNIGAN

-----  
Title: Assistant Vice President  
-----

By: /s/ JAMES FOX

-----  
Title: Assistant Vice President  
-----

FIRST INTERSTATE BANK OF TEXAS,  
N.A.

By: /s/ CRAIG T. SCHEEF

-----  
Title: Vice President

-----  
FLEET BANK OF MASSACHUSETTS,  
N.A.

By: /s/ THOMAS J. BULLARD  
-----

Title: Vice President  
-----

THE FUJI BANK, LIMITED, HOUSTON  
AGENCY

By: /s/ P. C. LAURINGER, III  
-----

Title: Vice President & Joint Manager  
-----

HIBERNIA NATIONAL BANK

By: /s/ TROY VILLAFARA  
-----

Title: Vice President  
-----

THE LONG-TERM CREDIT BANK OF  
JAPAN, LTD.

By: /s/ S. OTSUBO  
-----

Title: Joint General Manager  
-----

NATWEST BANK N.A.

By: /s/ DILCIA PENA HILL  
-----

Title: Vice President  
-----

THE NIPPON CREDIT BANK, LTD.

By: /s/ YOSHIHIDE WATANABE  
-----

Title: Vice President & Manager  
-----

THE SUMITOMO BANK, LTD. -  
HOUSTON AGENCY

By: /s/ TOSHIRO KUBOTA  
-----

Title: Joint General Manager  
-----

SOCIETY NATIONAL BANK

By: /s/ SHARON WEINSTEIN

Title: Vice President

UNION BANK

By: /s/ JULIE BLOOMFIELD

Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/ KELLIE DEWHITT

Title: Vice President

VAN KAMPEN AMERICAN CAPITAL PRIME RATE INCOME TRUST

By: /s/ JEFFREY W. MAILLET

Title: Sr. Vice Pres. Portfolio Mgr.

THE SANWA BANK, LIMITED, DALLAS AGENCY

By: /s/ MATTHEW G. PATRICK

Title: Vice President

Information Relating to the Company and its Subsidiaries

Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
USA Waste Services, Inc.	Delaware	Texas	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Company	150,000,000	
USA Waste of Oklahoma, Inc.	Oklahoma	N/A	2001 N Portland Newcastle, OK 73065	Company	500	500
USA Waste of Texas, Inc.	Texas	N/A	250 S Business 45 Corsicana, TX 75110	Company	1,000	1,000
Mission Disposal, Inc.	Texas	N/A	4730 SE Loop 410 San Antonio, TX 78222	USA Waste of Texas	1,000,000	1,000
USA Waste Services of Houston, Inc. (formerly Best Pak Disposal, Inc.)	Texas	N/A	10701 Todd Rd. Houston, TX 75055	USA Waste of Texas	500,000	500,000
Brazoria County Recycling Center, Inc.	Texas	N/A	100 Genoe-Red Bluff Road Houston, Texas 77034	Company	1,000	1,000
Modern Sanitation, Inc. (formerly EDM Corporation)	Texas	N/A	5400 LBJ Freeway Suite 300 Dallas, Texas 75240	Company		12,000 40,000 Preferred
USA Waste of Illinois, Inc.	Illinois	N/A	105 Skokie Valley Rd. Lade Bluff, IL 60044	Company	10,000	1,000

Countryside Landfill, Inc.	Illinois	N/A	31725 N Rte 83 Grayslake, IL 60030	USA Waste of Illinois	1,000,000	20,000
Lakeland Properties, Inc.	Illinois	N/A	31725 N Rte 83 Grayslake, IL 60030	USA Waste of Illinois	100,000	1,000

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Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Central Illinois Disposal, Inc.	Illinois	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	USA Waste of Illinois	10,000	1,000
Crystal Lake Disposal, Inc.	Delaware	Illinois	9310 Route 176 Crystal Lake, IL 60014	USA Waste of Illinois	4,000	2,000
USA Waste Services of Western Illinois, Inc.	Illinois	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	USA Waste of Illinois		
Big Dipper Enterprises, Inc.	North Dakota	N/A	Hwy 31 Gwinner, N.D. 58040	Company	50,000	50,000
Waste Recovery Corporation	Ohio	N/A	1350 W 5th Ave. Suite 227 Columbus, OH 43212	Company	500	500
USA Waste of Indiana, Inc.	Indiana	N/A	1250 S & Hwy 43 Brookston, IN 47923	Company	10,000	1,000
Earthmovers, Inc.	Indiana	N/A	26488 County Road 26 Elkhart, IN 46517	USA Waste of Indiana	1,000	100
Liberty Landfill, Inc.	Indiana	N/A	8625 E State Rd 16 Monticello, IN 47960	USA Waste of Indiana	1,000	100
USA Waste of Arizona, Inc.	Arizona	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Company	1,000,000	1,000
Custom Disposal Service, Inc.	Arizona	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	USA Waste of Arizona	100,000 Class A 142,231 Class B	100,000 142,231

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Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Soil Remediation of Philadelphia, Inc.	Delaware	Pennsylvania	3201 S 61st Philadelphia, PA 19153	Company	1,000	100
WPP, Inc.	Ohio	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Company	750	
West Virginia Waste Services, Inc.	W. Virginia	N/A	South Park Rd. Charleston, W.V. 25304	Company	1,000	1,000
Envirofil, Inc.	Delaware	Texas	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Company	100,000,000	100
Envirofil Services, Inc.	Delaware	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Envirofil	1,000	100
EVH Co.	Delaware	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Envirofil	1,000	100
Envirofil of Illinois, Inc.	Illinois	N/A	13998 E 1400th St. Mcombe, IL 61455	Envirofil	2,000	1,000
Ellis-Scott, Inc.	Missouri	N/A	61 NW 850 Clinton, MO 64735	Envirofil	100,000	100,000
Sacramento Valley Environmental Waste Company	California	N/A	8761 Younger Creek Dr Sacramento, CA 95827	Envirofil	100,000	3,500
Mid-Valley Acquisition Corporation	Delaware	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Envirofil	1,000	1,000

Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
EWA, Inc.	Delaware	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Envirofil	5,000	1,000
Stockton Scavengers Association	California	N/A	1240 Navy Dr Stockton, CA 95206	Envirofil	75,000	8,000
Olympic View Sanitary Landfill, Inc. (formerly Kitsap County Sanitary Landfill, Inc.)	Washington	N/A	10015 SW Barney White Rd. Port Orchard, WA 98366	Envirofil	10,000	10,000
Brem-Air Disposal, Inc.	Oregon	Washington	512 Sheldon Rd. Bremerton, WA 98310	Envirofil	500	200
North Sound Sanitation, Inc.	Washington	N/A	512 Sheldon Rd. Bremerton, WA 98310	Brem-Air	1,000	1,000
South Sound Sanitation, Inc.	Washington	N/A	512 Sheldon Rd. Bremerton, WA 98310	Brem-Air	10,000	1,000
Juan De Fuca Corrugated, Ltd.	Washington	N/A	512 Sheldon Rd. Bremerton, WA 98310	Brem-Air	1,000	500
Stanwood Camano Disposal, Inc.	Washington	N/A	27028 Ninety-Ninth Ave. NW Stanwood, WA 98292	EWA	500	394
Environmental Waste of Skagit County, Inc.	Washington	N/A	998 Chuckanut Dr. Burlington, WA 98233	EWA	5,000,000	100

Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Meadowbrook Carting Co., Inc.	New Jersey	N/A	505 Memorial Dr. Neptune, N.J. 07753	Envirofil	200	100
Mid-Jersey Disposal Co., Inc.	New Jersey	N/A	505 Memorial Dr. Neptune, N.J. 07753	Envirofil	1,000	100
Quality Recycling Co., Inc.	New Jersey	N/A	505 Memorial Dr. Neptune, N.J. 07753	Envirofil	2,500	300
Forcees, Inc.	New Jersey	N/A	N Mainshore Rd. Waretown, N.J. 08758	Envirofil	100	100
White Bros, Trucking Company	New Jersey	N/A	864 Julia Street Elizabeth, N.J. 07201	Company		
Art-Jo Company	New Jersey	N/A	864 Julia Street Elizabeth, N.J. 07201	Company		
Elleson, Inc.	New Jersey	N/A	864 Julia Street Elizabeth, N.J. 07201	Company		
Safety Recycling Company, Inc.	New Jersey	N/A	864 Julia Street Elizabeth, N.J. 07201	Company		
CleanSoils Fairless Hills, Inc.	Minnesota	Pennsylvania	USX Fairless Works Fairless Hills, PA 19030	Company	1,000,000	
U.S.A. Waste of Fairless Hills, Inc.	Delaware	N/A	USX Fairless Works Fairless Hills, PA 19030	Company		

Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
USA Waster Hauling of Philadelphia, Inc.	Delaware	Pennsylvania	5400 LBJ Freeway, Suite 300 Dallas, Texas 75240	Company		
USA Waster Transfer of Philadelphia	Delaware	Pennsylvania	5400 LBJ Freeway, Suite 300 Dallas, Texas 75240	Company		
Sunray Services, Inc.	Delaware	Arkansas, Texas	5400 LBJ Freeway, Suite 300 Dallas, Texas 75240	Company		
Old Dominion Recycling Services, Inc.	Virginia	N/A	5400 LBJ Freeway, Suite 300 Dallas, Texas 75240	Company		
Fulton Sanitation Services, Inc.	Arkansas	N/A	5400 LBJ Freeway, Suite 300 Dallas, Texas 75240	Company		
USA Waste of Massachusetts, Inc.	Massachusetts	N/A	5400 LBJ Freeway, Suite 300 Dallas, Texas 75240	Company & Modern Sanitation		

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Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Chambers Development Company, Inc. ("Chambers")	Delaware	Connecticut California North Carolina South Carolina West Virginia New Jersey Pennsylvania Georgia Illinois District of Columbia Ohio Maryland Virginia Massachusetts New York	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Company	100,000,000 A 50,000,000 B	100
Chambers Clearview Environmental Landfill, Inc.	Mississippi	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers of Georgia, Inc.	5,000	1,000

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Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Chambers Development of Ohio, Inc.	Ohio	N/A	323 S. Main St. Cadiz, OH 73907	Chambers	1,000	500
Chambers Development of Virginia, Inc.	Virginia	N/A	2307 E. Broad St. Richmond, VA 11213	Chambers Waste Systems of VA, Inc.	5,000	100

Chambers Enterprises, Inc.	Pennsylvania	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	1,000	1,000
Chambers International, Inc.	Delaware	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	5,000	1,000
Chambers Laurel Highlands Landfill, Inc.	Pennsylvania	N/A	R.D. 1 Box 10 Wagner Rd. Vittondale, PA 15961	Chambers	5,000	1,000
Chambers Energy, Inc. (formerly Chambers Maplewood Landfill, Inc.)	Virginia	N/A	Business Rt. 364 Village Dell Spg Ctr Amelia, VA 23002	Chambers Waste Systems of VA, Inc.	1,000	1,000
Chambers Medical Technologies, Inc. (Incorporated 2/12/85)	Pennsylvania	N/A	One Monroeville Center Monroeville, PA 15146	Chambers	100,000	1,000
Chambers Medical Technologies, Inc. (Incorporated 4/26/91)	Pennsylvania	N/A	One Monroeville Center Monroeville, PA 15146	Chambers	100,000,000 A 50,000,000	1,000

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Name ----	Jurisdiction of Incorporation -----	Jurisdictions in which Qualified as a Foreign Corporation -----	Address of Chief Executive Officer -----	Stock Ownership by the Company and Other Subsidiaries* -----	Authorized Shares of Common Stock -----	Outstanding Shares -----
Chambers Medical Technologies of South Carolina Inc.	South Carolina	Pennsylvania New Jersey	100 Nix Street Hampton, SC 29924	Chambers Medical Technologies, Inc.	5,000	1,000
Chambers Oakridge Landfill, Inc.	South Carolina	N/A	Rt. 1 Box 899 Dorchester, SC 29437	Chambers Waste Systems of SC, Inc.	1,000	100
Chambers Orange County Landfill, Inc.	Florida	N/A		Chambers Waste Systems of FA, Inc.	5,000	1,000
Chambers Resources, Inc.	Pennsylvania	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	1,000	100
Chambers Richland County Landfill, Inc.	South Carolina	N/A	1521 Screaming Eagle Elgin, SC 29045	Chambers Waste Systems of SC, Inc.	1,000	1,000
Chambers Services, Inc.	Delaware	New York Virginia Pennsylvania	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	1,500	1,000
Chambers Smyrna Lanfill, Inc.	Georgia	N/A	5455 Oakdale Rd. Smyrna, GA 30092	Chambers of Georgia, Inc.	100,000	500
Chambers Waste Systems of California, Inc.	California	N/A	50 Airport Parkway San Jose, CA 95113	Chambers	5,000	1,000
Chambers Waste Systems of Florida, Inc.	Florida	N/A	10600 N.E. 128th Okeechobee, FL 34972	Chambers	5,000	1,000

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Name ----	Jurisdiction of Incorporation -----	Jurisdictions in which Qualified as a Foreign Corporation -----	Address of Chief Executive Officer -----	Stock Ownership by the Company and Other Subsidiaries* -----	Authorized Shares of Common Stock -----	Outstanding Shares -----
Chambers Waste Systems of Mississippi, Inc.	Mississippi	N/A	Route 2, Box 85C Lake, MS 39092	Chambers	5,000	1,000
Chambers Waste Systems of New Jersey, Inc.	New Jersey	N/A	1 Disposal Rd. N. Arlington, NJ 07232	Chambers of New Jersey, Inc.	1,000	1,000
Chambers Waste Systems of	New York	N/A	5400 LBJ Freeway,	Chambers	5,000	1,000



New York, Inc.			Suite 300 Dallas, TX 75240			
Chambers Waste Systems of North Carolina, Inc.	North Carolina	N/A	4290 Joe St. Charlotte, NC 28206	Chambers	100	100
Chambers Waste Systems of Ohio, Inc.	Ohio	N/A	232 S. Main Cadiz, OH 43917	Chambers	5,000	1,000
Chambers Waste Systems of Rhode Island, Inc.	Rhode Island	N/A	1615 Pontiac Ave. Cranston, RI 02920	Chambers	1,000	1,000
Chambers Waste Systems of South Carolina, Inc.	South Carolina	North Carolina	6417 Fairfield Columbia, SC 29203	Chambers	100,000	1,000
Chambers Waste Systems of Texas, Inc.	Texas	N/A	2720 Coombsville Ave. Dallas, TX 75212	Chambers	1,000,000	1,000
Chambers of Delaware, Inc.	Delaware	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	1,000	1,000

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Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Chambers of Georgia	Georgia	N/A	2097 Buchanan Hwy Cedartown, GA 30125	Chambers	100,000	1,000
Chambers of Illinois	Illinois	N/A	733 Kilbourne Ave. Chicago, IL 62655	Chambers	1,000	1,000
Chambers of Indiana, Inc.	Indiana	N/A	504 Mor-Land Dr. Lafayette, IN 47905	Chambers	1,000	1,000
Chambers of Maryland, Inc.	Maryland	N/A	Rt 1 Box 562 Frostburg, MD 21532	Chambers	1,000	1,000
Chambers of Massachusetts, Inc.	Massachusetts	N/A	1063 N. Main St. Brockton, MA 02401	Chambers	5,000	1,000
Chambers of Mississippi, Inc.	Mississippi	N/A	Route 2, Box 85C Lake, MS 39092	Chambers	5,000	1,000
Chambers of New Jersey, Inc.	New Jersey	N/A	9 Sylvan Way, Ste 170 Parsippany, NJ 07054	Chambers	1,000	1,000
Chambers of New Jersey Recycling, Inc.	New Jersey	Pennsylvania	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chamber of New Jersey, Inc.	1,000	1,000
Chambers of Pennsylvania, Inc.	Pennsylvania	N/A	7429 Allentown Blvd Harrisburg, PA 17112	Chambers	3,000	200
Chambers of Tennessee, Inc.	Tennessee	N/A	Oakridge, TN 37931	Chambers	5,000	100

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Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized Shares of Common Stock	Outstanding Shares
Chambers of West Virginia, Inc.	West Virginia	N/A		Chambers	3,000	100
Dauphin Meadows, Inc.	Pennsylvania	N/A	Route 209, RD #1 Millersburg, PA 17061	Chambers	10,000	170
The H. Sienknecht Co.	Tennessee	N/A		Remote Landfill Services Inc.	1,000 V 5,000 NV	5,000
LCS Services, Inc.	West Virginia	N/A	N. Mountain Landfill Allensville, Rd. hedgesville, WV 35427	Chambers of West Virginia, Inc.	15,000	15,000
William H. Martin, Inc.	Pennsylvania	New Jersey	951 Henderson Ave.	Chambers	4,000	2,468

Name	State	Jurisdiction	Address of Chief Executive Officer	Parent Company	Authorized shares of Common Stock	Outstanding Shares
Morris County Transfer Station, Inc.	New Jersey	Pennsylvania Ohio	Washington, PA 15301 9 Sylvan Way, Ste 170 Parsippany, NJ 07054	Chambers of New Jersey, Inc.	1,000	1,000
Rail-It Corporation	Illinois	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	140,000	140,000
Rail-It Limited Partnership	Illinois	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Rail-It (GP)		
Remote Landfill Services, Inc.	Tennessee	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers of Tennessee, Inc.	1,000	1,000

Name	Jurisdiction of Incorporation	Jurisdictions in which Qualified as a Foreign Corporation	Address of Chief Executive Officer	Stock Ownership by the Company and Other Subsidiaries*	Authorized shares of Common Stock	Outstanding Shares
CDC Services, Inc.	Delaware	California Florida Pennsylvania	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	1,000,000 A 500,000 B	1,050,000
Southern Alleghenies Disposal Services, Inc.	Pennsylvania	N/A	R.D. 3, box 310 Valley View Dr. Holsopple, PA 15935	U.S. Services Corporation	1,000,000	5,000
U.S. Services Corporation	Pennsylvania	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers	5,000 A 5,000 B	5,000
U.S. Utilities Services Corp.	Pennsylvania	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	U.S. Services Corporation	1,200,000	1,082,800
Chambers R & B Landfill, Inc.	Georgia	N/A	5400 LBJ Freeway, Suite 300 Dallas, TX 75240	Chambers of Georgia, Inc.	100	

EXHIBIT 2 (g)

New Guarantors

1. White Bros. Trucking Company
2. USA Waste Transfer of Philadelphia, Inc.
3. USA Waste Services of Western Illinois, Inc.
4. Art-Jo Company
5. Brazoria County Recycling Center, Inc.
6. Ellesor, Inc.
7. Fulton Sanitation Service, Inc.
8. Modern Sanitation, Inc.
9. Old Dominion Recycling Service, Inc.
10. Safety Recycling Company, Inc.
11. Sunray Services, Inc.
12. USA Waste of Massachusetts, Inc.

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of December 18, 1995, by and between USA WASTE SERVICES, INC., a Delaware corporation (the "Company"), and Kostı Shirvanian ("Employee").

## R E C I T A L S:

The Company recognizes that the efforts of its officers and key management employees have contributed and will continue to contribute to the growth and success of the Company.

The Company believes that, in the Company's best interest, it is essential that its officers and key management employees, including the Employee, be retained and that the Company be in a position to rely on their ongoing dedication and commitment to render services to the Company.

The Company wishes to take steps to assure that the Company will continue to have the Employee's services available to the Company by entering into an agreement with the Employee concerning his employment by the Company.

The Company and Employee have executed a letter agreement of even date herewith attached hereto as Exhibit A concerning the composition of the Board of Directors of the Company and Employee's rights to designate certain members thereof.

In consideration of the foregoing, the mutual provisions contained herein, and for other good and valuable consideration, the parties agree with each other as follows:

## 1. EMPLOYMENT

A. The Company hereby employs the Employee and the Employee hereby accepts employment as the Vice Chairman of the Company, member of the Executive Committee of the Company's Board of Directors and Chairman of Western Waste Industries ("Western") on the terms and conditions hereinafter set forth. The Employee shall perform such duties, and have such powers, authority, functions and responsibilities for the Company and corporations affiliated with the Company as are commensurate with his position as Vice Chairman of the Company, and have such additional duties, powers, authority, functions and responsibilities as may be assigned to him by the Company's Board of Directors or by John E. Drury or by Donald F. Moorehead, Jr. which are not (except with the Employee's consent) inconsistent with or which interfere with or detract from those vested in or being performed by the Employee for the Company.

B. The Employee shall not, during the term of his employment under this Agreement, be engaged in any other activities if such activities interfere materially with the Employee's duties, authority and responsibilities for the Company, except for those other activities as shall hereafter be carried on with the Company's consent. The Employee shall be entitled to carry on the

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activities of making and managing his personal investments and to expend no more than ten (10) hours per week in a truck body and equipment manufacturing enterprise provided such investments or other activities do not violate in any material respect the terms of Sections 6, 7 or 8 hereof.

C. During the term of the Employee's employment under this Agreement, the Company will designate as Employee's principal place of employment either the current offices of Western Waste Industries in Torrance,

California or such other locations that are within a radius of ten (10) miles of Employee's current principal place of residence in Newport Beach, California. In addition, Employee shall be entitled to retain a full-time secretary of his choosing at the Company's cost at compensation levels that are commensurate with other similarly situated employees but no less than amounts paid to his current secretary.

2. TERM

A. Subject only to the provision of either Section 3(D) or Section 4 hereof, the term of the Employee's employment under this Agreement shall commence on the effective date of the merger ("Merger") between Western Waste Industries and Riviera Acquisition Corporation ("Effective Date") pursuant to the Agreement and Plan of Merger of even date herewith (the "Merger Agreement") and be for a continually renewing term of five (5) years without any further action by either the Company or the Employee (during which period Employee shall be deemed to be on "active status"). In the case where the term of Employee's employment under this Agreement extends beyond the fifth anniversary date of this agreement ("Fifth Anniversary Date"), it is the intention of the parties that there shall be continuously a term of five (5) years duration of the Employee's employment under this Agreement until an event has occurred as described in, or one of the parties shall have made an election pursuant to, the provisions of either Section 3(D) or Section 4 of this Agreement.

3. COMPENSATION

For all services rendered by the Employee while on active status under this Agreement, the Company agrees to compensate the Employee, as follows:

A. Base Salary. A base salary shall be payable to the Employee by the Company as a guaranteed annual amount under this Agreement equal initially to \$500,000 (as the same may be increased as provided herein, the "Base Salary"), which shall be payable in the intervals consistent with the Company's normal payroll schedules (but in no event less than semi-monthly). The Base Salary shall be increased by a minimum of 10% per year compounded annually (but not decreased or adjusted other than as provided in Section 4 of this Agreement) or such greater amount, if approved, in the sole discretion of the Compensation Committee of the Board of Directors of the Company (or a similar Board committee, hereinafter referred to as the "Compensation Committee"). Notwithstanding the foregoing, if at any time a principal executive

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officer of the Company or any of its subsidiaries (other than John E. Drury) has a base salary in excess of Employee's Base Salary, the Company shall increase Employee's Base Salary to an amount equal to such principal executive officer's base salary.

B. Other Compensation.

(i) Bonus. The Employee shall be entitled to a guaranteed annual bonus of \$250,000 ("Guaranteed Bonus"), shall be eligible for a discretionary annual bonus in an amount not to exceed an additional \$250,000 and shall be entitled to receive additional compensation from the Company in such form and to such extent, if any, as the Compensation Committee may in its sole discretion from time to time specify and determine with respect to the Company's principal executive officers generally; provided, however, in the event the bonus payable as provided above is applicable to less than a full year, such bonus shall be pro-rated for the portion of such year to which such bonus applies. All annual bonus payments shall be made within 90 days after the end of the Company's fiscal year for which

such bonus was earned. The phrase "principal executive officer" as used in this Agreement shall mean the chief executive officer of the Company and other senior corporate officers of the Company who are from time to time designated as principal executive officers by the Compensation Committee.

(ii) Stock Options. As of the Effective Date, Employee shall be granted stock options to purchase 900,000 shares of common stock of the Company under a Plan registered under the Securities Act of 1933 with an exercise price equal to the closing trading price on the New York Stock Exchange for such stock on the Effective Date. Employee shall be entitled to additional grants of stock options on each of the first four anniversary dates of the Effective Date to purchase 162,500 shares of common stock of the Company with an exercise price equal to the closing trading price on the New York Stock Exchange for such stock on the date of the grant. Such grants shall be appropriately adjusted in the event of a stock split, stock dividend or other similar change affecting stock rights in the Company's common stock. All stock options granted to Employee as set forth in this subsection shall have a life of ten (10) years and shall vest twenty (20%) per year over the first five years after the date of grant. In the event of the death of Employee, the vesting period for all stock options granted under this subsection to Employee prior to the date of Employee's death shall accelerate and be fully vested as of the date of death and shall be exercisable by Employee's estate for a period of one year after such date of death but not beyond the remaining option term. In consideration of this Employment Agreement, Employee hereby agrees that with respect to the Company options into which, the unexpired and unexercised Western Waste Industries options held by him shall convert on the Effective Date, that

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Employee will not elect to accelerate the option vesting period but will rather allow such options to vest on the Western Waste vesting schedule of such grant.

(iii) Life Insurance. In the event Western Waste Industries ("Western") does not, prior to the Effective Time, make a single premium payment to satisfy its obligations to pay (until such policies are fully paid up) two thirds (2/3) and Employee's obligation to pay (until such policies are fully paid up) one third (1/3) of the premiums with respect to the split dollar life insurance program described in Western's proxy statement dated December 5, 1995 on the life of Employee and his wife, Marian Shirvanian, then the Company will assume and pay such single premium payments covering the total obligations of Western thereunder and the Employee's obligations to make premium payments. Both of such payments will be recoupable out of the death benefits of such policies, on a split dollar basis.

C. Tax Indemnity. Should any of the payments of Base Salary, other incentive or supplemental compensation, benefits, allowances, awards, payments, reimbursements or other perquisites (including the payments provided for under this Section 3(C)), singly, in any combination or in the aggregate, that are provided for hereunder to be paid to or for the benefit of the Employee (including, without limitation, the payment provided for in Section 3(D) hereof) or under any other plan, agreement or arrangement between the Employee and the Company, be determined or alleged to be subject to an excise or similar purpose tax pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor or other comparable federal, state or local tax laws, the Company shall pay to the Employee such additional compensation as is necessary (after taking into account all federal, state and local income taxes payable by the Employee as a result of the receipt of such

additional compensation) to place the Employee in the same after tax position (including federal, state and local taxes) he would have been in had no such excise or similar purpose tax (or any interest or penalties thereon) been paid or incurred. The Company hereby agrees to pay such additional compensation within five (5) business days after the Employee notifies the Company that the Employee intends to file a tax return which takes the position that such excise or similar purpose tax is due and payable in reliance on a written opinion of the Employee's tax counsel (such tax counsel to be chosen solely by the Employee) that it is more likely than not that such excise tax is due and payable. The costs of obtaining such tax counsel's opinion shall be borne by the Company, and as long as such tax counsel was chosen by the Employee in good faith, the conclusions reached in such opinion shall not be challenged or disputed by the Company. If the Employee intends to make any payment with respect to any such excise or similar purpose tax as a result of an adjustment to the Employee's tax liability by any federal, state or local tax authority, the Company will pay such additional compensation by delivering its cashier's check payable in such amount to the Employee within five (5) business days after the Employee notifies the Company of his intention to make such payment. Without limiting the obligation of the Company hereunder, the Employee agrees, in the event the Employee makes any payment pursuant to the preceding sentence, to negotiate with the Company in good faith with respect to procedures reasonably requested by the

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Company which would afford the Company the ability to contest the imposition of such excise tax; provided, however, that the Employee will not be required to afford the Company any right to contest the applicability of any such excise tax to the extent that the Employee reasonably determines (based upon the opinion of his tax counsel) that such contest is inconsistent with the overall tax interests of the Employee.

D. (i) Change of Control - Operation of Section 3(D).

(a) This Section 3(D) shall be effective, but not operative, immediately upon execution of this Agreement by the parties hereto and shall remain in effect so long as the Employee remains employed by the Company on active status and for twelve (12) months after the Employee goes on part-time status, but shall not be operative unless and until there has been a Change in Control, as defined in subsection (i)(b) hereof. Upon such a Change in Control, this Section 3(D) shall become operative immediately.

(b) A "Change in Control" shall be deemed to have occurred if and when, with or without the approval of the Board of Directors of the Company incumbent prior to the occurrence,

(1) more than 25% of the Company's outstanding securities entitled to vote in elections of directors shall be acquired by any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) other than by any person which includes the Employee; or

(2) as the result of a tender offer, merger, consolidation, sale of assets or contested election, or any combination of such transactions, the persons who were directors immediately before the transaction shall cease to constitute a majority of the Board of Directors of the Company or of any successor to the Company, or

(3) either John E. Drury or Donald F. Moorehead, Jr. are no longer employed full-time by the Company.

provided, however, that a business combination involving the Company and another solid waste management company, which is approved by a 75% majority of the Board of Directors of the Company incumbent prior to the occurrence of such business combination, notwithstanding that a principal shareholder or shareholders of such other solid waste management company acquire more than 25% of the Company's outstanding securities entitled to vote in the election of directors in connection with such business combination, shall not be deemed to be

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a "Change in Control" unless as a result thereof, either John E. Drury or Donald F. Moorehead, Jr. are no longer employed full-time by the Company.

(ii) Employee's Rights Upon Change of Control. If, while the Employee is employed on active status by the Company, or if within twelve (12) months after the Employee has been placed on part-time status pursuant to either Section 4(C) (i), (ii), or (iii) or Section 4(G), a Change in Control (as defined in subsection (b) of Section 3(D) (i)) occurs, the Employee may, in his sole discretion, within three (3) months after the date of the Change of Control, give notice to the Secretary of the Company that he intends to elect to exercise his rights under this Section 3(D) (the "Notice of Intention"). The right to give such Notice of Intention to elect to receive the payment provided for in subsection (iii) of this Section 3(D) shall continue for three (3) months from the date of the Change of Control irrespective of any action by the Company pursuant to Section 4(A) (iii) or Section 4(G) within such three (3) month period. Within thirty (30) days after the Company's receipt of the Notice of Intention, the Company shall provide written notice to the Employee setting forth the Company's computation of the amount that would be payable pursuant to subsection (iii) of this Section 3(D), accompanied by the written opinion of the Company's independent certified public accountants confirming the Company's computation. If the Employee takes exception to the Company's computation of such amount, the Employee may (but shall not be prejudiced in his right to later contest the amount actually paid by failure to do so) give a further written notice to the Company setting forth in reasonable detail the Employee's exceptions to the Company's computation, accompanied by the written opinion of the Employee's tax advisor confirming the basis for such exceptions. Exercise by the Employee of his rights pursuant to this Section 3(D) shall only be made by giving further notice to the Secretary of the Company (the "Notice of Exercise") within six (6) months from the date of the Notice of Intention.

(iii) Payment upon Change of Control.

(a) If the Employee gives the Notice of Exercise described in subsection (ii) of this Section 3(D) to the Company, the Company shall pay the Employee a lump sum amount equal to three (3) times the Employee's Base Salary plus Guaranteed Bonus, less one dollar (\$1.00). The Company shall, within five (5) business days after the date of the Notice of Exercise, deliver to the Employee its cashier's check in the amount payable pursuant to this subsection (iii) (a) of Section 3(D), and payment of such amount shall terminate the

Employee's rights to receive any and all other payments, rights or benefits pursuant to Sections 3(A), 3(B), 4 and 5 of this Agreement, other than any payments, rights or benefits arising (x) pursuant to Section 3(C), subsection (iii) of Section 3(D), Section 3(E) or Section 12 of this Agreement, or (y) from any other agreement, plan or policy which by its terms or by operation of law provides for the continuation of such payments,

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rights or benefits after the termination of the Employee's relationship with the Company.

(b) Such lump sum payment shall be in addition to and shall not be offset or reduced by (x) any other amounts that have accrued or have otherwise become payable to the Employee or his beneficiaries, but have not been paid by the Company at the time the Employee gives Notice of Exercise pursuant to this Section 3(D) including, but not limited to, salary, severance pay, consulting fees, disability benefits, termination benefits, retirement benefits, life and health insurance benefits, or any other compensation or benefit payment that is part of any valid previous, current, or future contract, plan or agreement, written or oral, or (y) any indemnification payments that may be or become payable to the Employee pursuant to the provisions of the Company's Certificate of Incorporation, By-laws, or similar policy, plan, or agreement relating to the indemnification of directors or officers of the Company under certain circumstances.

E. Employee's Expenses. All costs and expenses (including reasonable legal, accounting and other advisory fees) incurred by the Employee to (w) defend the validity of this Agreement (x) contest any determinations by the Company concerning the amounts payable (or reimbursable) by the Company to the Employee under this Agreement, (y) determine in any tax year of the Employee the tax consequences to the Employee of any amounts payable (or reimbursable) under Section 3(C) or (D) hereof, or (z) prepare responses to an Internal Revenue Service audit of, and to otherwise defend, his personal income tax return for any year which is the subject of any such audit, or an adverse determination, administrative proceedings or civil litigation arising therefrom that is occasioned by or related to an audit by the Internal Revenue Service of the Company's income tax returns, are, upon written demand by the Employee, to be promptly advanced or reimbursed to the Employee or paid directly, on a current basis, by the Company or its successors.

4. TERMINATION, PART-TIME STATUS, REVISED COMPENSATION, DEATH, AND DISABILITY

A. Termination. The employment of the Employee under this Agreement, while the Employee is on active status, may be terminated by the Company, acting through its Board of Directors (and not a committee thereof),

(i) only for cause in the event of (x) the Employee's final conviction of a felony crime involving moral turpitude, or (y) the Employee's deliberate and intentional continuing refusal to substantially perform his duties and obligations under this Agreement (except by reason of incapacity due to illness or accident) if he (a) shall have either failed



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to remedy such alleged breach within forty-five (45) days from his receipt of written notice from the Secretary of the Company demanding that he remedy such alleged breach, or (b) shall have failed to take reasonable steps in good faith to that end during such forty-five (45) day period and thereafter, provided that there shall have been delivered to the Employee a further notice after the end of such forty-five (45) day period asserting that the Board of Directors has determined that the Employee was guilty of conduct set forth in this clause (y), that the Employee has failed to take reasonable steps in good faith to remedy such alleged breach, and specifying the particulars thereof in detail, and provided further that the Employee thereafter shall have received a certified copy of a resolution of the Board of Directors of the Company adopted by the affirmative vote of not less than three-fourths of the entire membership of the Board of Directors at a meeting called and held for that purpose and at which the Employee and/or his attorney or representative was given an opportunity to be heard, finding that the Employee was guilty of conduct set forth in this clause (y) (which finding is reflective of a final judgment of a court of competent jurisdiction), that the Employee has failed to take reasonable steps in good faith to remedy such alleged breach, and specifying the particulars thereof in detail,

(ii) upon a final judgment of a court of competent jurisdiction that the Employee has engaged in willful fraud or defalcation involving material funds or other assets of the Company, or

(iii) for any reason in its sole discretion upon written notice to the Employee effective (subject to the provisions of Section 4(D) (iii) hereof) on the date that is five (5) years after the date on which such notice is received by the Employee; provided, however, in no event shall such notice be deemed received by the Employee prior to the Fifth Anniversary Date.

B. Termination Payment.

(i) In the event of termination of the Employee's employment under this Agreement by the Company under either Section 4(A)(i) or (ii), the Employee shall (x) cease to be entitled to receive his Base Salary or Guaranteed Bonus except for the monthly installment of his Base Salary for the month in which such termination occurs plus the pro rata portion of the Guaranteed Bonus through the time of termination and (y) with respect to stock options, units and award plans, any options theretofor granted shall vest in full, but the Company shall have no obligation to make any further grants of options or awards under Section 3B(ii) or otherwise.

(ii) In the event of termination of the Employee's employment under this Agreement by the Company under Section 4A(iii), the Employee shall continue to receive the monthly installment of Base Salary and Guaranteed Bonus up to the Fifth Anniversary Date and thereafter the compensation described in 4D.

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C. (i) Part-time Status-Election by Company. In the event

the Company shall give Employee notice of termination of the Employee's employment under this Agreement pursuant to Section 4(A)(iii), the Employee shall, subject to the provisions of Section 4(D)(iii) and (vii), be placed on part-time employment status for a period of five (5) years after the Fifth Anniversary Date.

(ii) Termination - Election by Employee. Employee shall have the right at any time during his employment on active status, by giving written notice to the Secretary of the Company, to terminate the Employee's employment under this Agreement effective ninety (90) days after the date on which such notice is given by the Employee. In the event the Employee shall make such election under this Section 4(C)(ii), the Employee shall, subject to the provisions of Section 4(D)(iii) and (vii), be placed on part-time employment status for a period of five (5) years after the Fifth Anniversary Date.

D. Employee's Rights on Part-time Status. During the period that the Employee is on part-time status,

(i) Except as provided in Section 4B(i) the Company shall pay Employee a revised, guaranteed minimum annual Base Salary from the date the Employee ceases to be on active status for a period of five (5) years in an amount equal to seventy-five percent (75%) of the sum of the average of the total annual Base Salary plus the average guaranteed annual bonus ("Revised Minimum Bonus") paid to the Employee by the Company for the two (2) highest of the three (3) compensation years immediately preceding the compensation year in which the notice specified in Section 4(A)(iii), or Section 4(G) of this Agreement is given;

(ii) The revised, guaranteed minimum annual Base Salary payable by the Company to the Employee pursuant to this Section 4(D) shall be increased (but not decreased) annually on the first anniversary of the date of the Employee's going on part-time status and each anniversary thereafter, on a compound basis, by the same percentage increase (if any) in the Consumer Price Index for All Urban Consumer's - All Items Index, for Los Angeles/Riverside/Anaheim, California (or any substantially similar index published for the same area) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the twelve (12) month period immediately preceding the first anniversary of the date of the Employee's going on part-time status and on each yearly anniversary thereafter;

(iii) (1) The Employee shall continue to participate (at not less than his highest levels of participation or coverage during the last twelve (12) months the Employee was on active status) in all of the Company's pension, group life, medical, dental, accidental death or disability insurance, thrift, savings, deferred

compensation, vacation plans, automobile allowances and all other Company benefit plans, fringe benefits, allowances and accommodations of employment on active status that are afforded to the principal executive officers of the Company,

(2) The Employee shall continue to receive any options not theretofore granted under Section 3B(ii). Thereafter, Employee shall continue to participate in stock option, unit or award plans of the Company and the Employee's right to continue participation (x) is intended to include (but only to the extent consistent with the Company's

treatment of its principal executive officers) the Employee receiving renewal and/or replacement grants of or awards for options or units on or with respect to the Company's common stock (for not less than the same number of shares or units, at the fair market value prevailing at the time, and otherwise on terms and conditions no more or less favorable than such grants or awards are made to the Company's principal executive officers who are then on active employment status) consistent with the Company's stock option plan as then existing, not more than thirty (30) days after the date any of the previous options or units are cancelled, vest or expire (or would have expired but for their exercise by the Employee), and (y) solely for the purposes of any stock options, units or awards outstanding at the time the Employee goes on part-time status or for any renewal or replacement grants or awards, the Employee's status as an "employee" or, thereafter, the Employee's status as an "affiliate" of the Company (or of any successor thereto) shall continue to the last date of expiration, cancellation, vesting or exercise, as the case may be, of any and all of such outstanding stock options, units or awards or renewal or replacement grants or awards, and

(3) If the Company is merged into or consolidated with another corporation under circumstances where the Company is not the surviving corporation, or if the Company's voting common stock is no longer publicly traded on a national securities exchange, or if the Company sells or disposes of substantially all its assets to another corporation, then any such renewal and/or replacement grants of or awards for options or units pursuant to subparagraph (x) of Section 4(D)(iii)(2) shall be made in or for the shares of such stock or other securities as the holders of shares of the Company's voting common stock received pursuant to the terms of the merger, consolidation or sale, and

(4) If any of the Company's pension; group life, medical, dental, accidental death, or disability insurance; deferred compensation; thrift, savings, stock option, unit or award plans; or any other Company benefit plans, fringe benefits, allowances or accommodations of employment that were available to the Employee at any time during the last twelve (12) months the Employee was on active status shall not continue to be maintained by the Company (or by any successor thereto) or are otherwise not made available to the Employee, the

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Company (or any successor thereto) shall provide for or make available to the Employee substantially similar economic benefits (and tax benefits attendant thereto) through such alternative means and upon such terms as shall be reasonably satisfactory to the Employee, provided that nothing in this clause (4) shall obligate the Company to provide for or make any such substantially similar alternative benefits available to the Employee if the Company (or any successor thereto) does not have such benefits available either directly or indirectly (whether or not granted) for its principal executive officers.

(iv) The Employee shall otherwise be entitled to all other principal executive officer perquisites, allowances and benefits on the same terms and conditions as such are from time to time made available generally to the other principal executive officers of the

Company (or any successor thereto) but in no event less than the highest level of the perquisites, allowances and benefits that were available to the Employee during the last twelve (12) months of his employment on active status;

(v) The Employee shall otherwise continue to receive all the rights and benefits of this Agreement including, without limitation, those rights and benefits (not inconsistent with this Section 4(D)) that are set forth in Sections 3(C), 3(E), 5, 9 and 12 hereof;

(vi) The Employee shall not be prevented from accepting other employment while on part-time status or engaging in (and devoting substantially all of his time to) other business activities that are not in conflict in any material respect with the limitations set forth in Section 6 hereof;

(vii) This Agreement and Employee's continuing employment on part-time status may be terminated at any time by the Company (x) pursuant to the provisions of Section 4(A)(ii), or (y) acting through its Board of Directors (and not a committee thereof) only if the Employee knowingly violates in any material respect the provisions of Sections 6, 7 and 8, respectively, as found by final judgment of a court of competent jurisdiction;

(viii) While on part-time status and except as otherwise required herein, the Employee shall not be required to perform any regular duties for the Company (except to provide such services consistent with the Employee's educational background, experience and prior positions with the Company, as may be acceptable to the Employee) or to seek or accept additional employment with any other person or firm (although the Employee shall be free to do so so long as accepting such additional employment or engaging in other business activity is not in conflict in any material respect with the limitations set forth in Section 6 of this Agreement). If the Employee, at his discretion, shall accept any such additional employment or engage in any such other business activity consistent in all material respects with Section 6 of this Agreement, there shall be no offset, reduction or effect upon any rights, benefits or payments to which the Employee is entitled pursuant

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to this Agreement. Furthermore, the Employee shall have no obligation to account for, remit, rebate or pay over to the Company any compensation or other amounts earned or derived in connection with such additional employment or business activity consistent in all material respects with Section 6 of this Agreement; and

(ix) The Employee shall, however, make himself generally available for special projects or to consult with the Company and its employees at such times and at such places as may be reasonably requested by the Company and which shall be satisfactory to the Employee and consistent with the Employee's regular duties and responsibilities in the course of his then new occupation or other employment, if any.

E. After the termination of the Employee's employment on part-time status, the former Employee shall remain an "affiliate" of the Company for the period described in Section 4(D)(iii)(2) hereof and during such time shall continue to be available to consult with the Company and its employees at such time and at such places as may be reasonably convenient and acceptable to the former Employee and in such manner as may be consistent with

the former Employee's educational background, experience and prior positions with the Company and with his regular duties and responsibilities in the course of his then new occupation or other employment, if any.

F. Death. In the event of the Employee's death during the term of his employment hereunder, the Company shall pay to the Employee's surviving spouse or to the executor or administrator of the Employee's estate (if his spouse shall not survive him) an amount equal to the Base Salary and Guaranteed Bonus described under Sections 3A and 3B for the period remaining prior to the Fifth Anniversary Date (if any) plus the Revised Minimum Compensation for the remainder of the part-time payment period under this Agreement.

G. Disability. The Employee shall be covered by the Company's disability benefit plan as such plan may from time to time exist. The Company may eliminate or change the terms and conditions of said plan at its discretion with no liability to the Employee other than the liability, if any, under such plan which may have accrued up to the elimination or change of such plan. In the event because of physical or mental illness or personal injury while the Employee is on active status or part-time status, the Employee shall become permanently unable or disabled such that he is unable to perform, and in all reasonable medical likelihood, going to continue indefinitely to be unable to perform his normal duties in his regular manner, as determined by independent, competent medical authority, and

(i) if such disability determination occurs while the Employee is on active status, the Company may elect (but shall not be obligated) to terminate the Employee's employment under this Agreement on a date which is not less than five (5) years after the date on which written notice of such termination is received by the Employee in which event the Employee shall be placed on part-time status, and the Company shall pay to the

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Employee the Base Salary and Guaranteed Bonus described under Sections 3A and 3B for the period remaining prior to the Fifth Anniversary Date (if any) and the Revised Minimum Compensation for the remainder of the part-time payment period under this Agreement; or

(ii) if such disability determination occurs while the Employee is on part-time status pursuant to Section 4(C)(i) or (ii), the Company shall continue to pay to the Employee the Revised Minimum Compensation for the remainder of the part-time payment period under this Agreement;

reduced, in any case however, by the amount of any payments made to such Employee under the coverage then afforded to the Employee by the Company's disability benefit plan in effect at the time such disability determination is made. The Employee shall, during such disability and until the effective date of the termination of this Agreement and of payments hereunder by the Company to the Employee, continue to enjoy all other applicable benefits of employment that would otherwise pertain to continued employment on part-time status pursuant to this Agreement.

H. Return of Property. Upon termination of the Employee's employment under this Agreement, however brought about, the Employee (or his representatives) shall promptly deliver and return to the Company all the Company's property including, but not limited to, credit cards, manuals, customer lists, financial data, letters, notes, notebooks, reports and copies of any of the above, and any Protected Information (as defined in Section 7) which is in the possession or under the control of the Employee except such property as may be necessary for Employee to retain because of his role as a director of the Company and which was received by Employee on his role as a

director of the Company.

5. OTHER EMPLOYEE RIGHTS

A. The Employee shall be entitled to (i) participate in the Company's pension, group life, medical, dental, accidental death, or disability insurance, thrift, savings, deferred compensation, incentive compensation, stock option, unit or award plans, vacation plans, automobile allowances and all other Company benefit plans, fringe benefits, allowances and accommodations of employment (including, but only as approved from time to time by John E. Drury or Donald F. Moorehead, club memberships and dues, business and professional societies, etc.), accommodations and allowances as are from time to time generally available or applicable to the Company's principal executive officers, (ii) annual vacations in accordance with the vacation policy established by the Company for the Company's principal executive officers during which time his applicable compensation shall be paid in full, and (iii) reimbursement of the cost of an annual medical examination of Employee. In lieu of an automobile allowance, Employee may use the Company's automobile previously used by Marion Shirvanian, and Employee shall have the option to purchase such car from the Company on the fourth anniversary of the date of this Agreement at a price equal to its fair market value.

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B. The Employee is authorized (to the same extent and in the same manner as the Company's other principal executive officers are authorized) to incur reasonable business expenses while on active or part-time status as an employee of the Company, including expenses for meals, entertainment, first class hotel and air travel (including such expenses for Employee's spouse if such expenses would constitute reasonable and necessary business expenses), telephone, cellular phone, automobile, dues, club expenses, fees, and similar items (and shall be entitled to incur such reasonable business expenses, determined commensurate with the extent of his consultation hereunder, while an "affiliate" of the Company). The Company shall either pay directly or promptly reimburse the Employee for such expenses upon the presentment by the Employee from time to time of an itemized accounting (as reasonably required by the Company's policies) of such expenditures for which reimbursement is sought. Employee expenses incurred in connection with Employee's duties and on behalf of the Company are eligible for reimbursement by the Company, provided that all such expenses are of a type and amount that are consistent with his status as Vice Chairman or within an annual budget for such expenses prepared by Employee and approved by John E. Drury (or the Chief Executive Officer of the Company if Mr. Drury is no longer employed by the Company).

C. The Employee shall be provided by the Company with office space, furnishings and facilities, reserved parking, secretarial and administrative assistance, supplies and equipment commensurate with the size and quality of that which is provided from time to time to the Company's principal executive officers.

6. COVENANT NOT TO COMPETE

A. The Employee recognizes that in each of the highly competitive businesses in which the Company is engaged, personal contact is of primary importance in securing new customers and in retaining the accounts and goodwill of present customers and protecting the business of the Company. The Employee, therefore, agrees that at all times during the term of his employment hereunder and for a period of two (2) years after the termination of his employment hereunder, howsoever brought about, he will not, within 100 miles of

(i) the principal place of business of the Company,

(ii) the principal place of business of any corporation or

other entity owned, controlled by (or otherwise affiliated with) the Company by which he may also be employed or served by him as an officer or director, or

(iii) any other geographic location in which the Employee has specifically represented the interests of the Company or such other affiliated entity, in any of the businesses described in subsections (a) through (d) below during the twelve (12) months prior to the termination of this Agreement,

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as principal, agent, partner, employee, consultant, distributor, dealer, contractor, broker or trustee or through the agency of any corporation, partnership, association or agent or agency, engage directly or indirectly, in any business of (a) rubbish, garbage, paper, textile wastes, chemical or hazardous wastes, liquid or other waste collection, interim storage, transfer, recovery, processing, recycling, marketing or disposal, (b) engineering or design, construction, or operation of any plant, facility or other structure having as its primary purpose the mass burning of solid or liquid waste with or without any intended efforts to recover from such wastes, energy, steam, ash, fly ash or other constituents of the waste stream, regardless of whether such constituents have any value, or (c) any other material business engaged in by the Company, and shall not be the owner of more than 1% of the outstanding capital stock of any corporation (other than the Company), or an officer, director or employee of any corporation (other than the Company or a corporation affiliated with the Company), or a member or employee of any partnership, or an owner, investor, lender, agent, consultant, distributor, dealer, contractor, broker or employee of any other business which conducts a business described in subsections (a), (b) and (c) above, within the territory described above.

B. The Employee agrees that during the term of his employment under this Agreement and for a period of two (2) years after the termination of the Employee's employment under this Agreement, he will not directly or indirectly (i) induce any customers of the Company or corporations affiliated with the Company to patronize any similar business which competes with any material business of the Company; (ii) canvass, solicit or accept any similar business from any customer of the Company or corporations affiliated with the Company; (iii) directly or indirectly request or advise any customers of the Company or corporations affiliated with the Company to withdraw, curtail or cancel such customer's business with the Company; or (iv) directly or indirectly disclose to any other person, firm or corporation the names or addresses of any of the customers of the Company or corporations affiliated with the Company. Each party agrees that he shall not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company, its management, or of management of corporations affiliated with the Company, in the case of Employee, or the Company and its management, in the case of the Employee.

C. If the provisions of this Section 6 are violated, in whole or in part, the Company shall be entitled to seek, upon application to any court of proper jurisdiction and an appropriate showing to such court, a temporary restraining order or preliminary injunction (without the necessity of posting any bond with respect thereto) to restrain and enjoin the Employee from such violation without prejudice to any other remedies the Company may have at law or in equity. Further, in the event that the provisions of this Section 6 should ever be deemed to exceed the time, geographic or occupational limitations permitted by the applicable laws, the Employee and the Company agree that such provisions shall be and are hereby reformed to the maximum

time, geographic or occupational limitations permitted by the applicable laws.  
The provisions of this

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Section 6 shall survive the termination of the Employee's employment or expiration or termination of this Agreement.

7. CONFIDENTIAL INFORMATION - INTELLECTUAL PROPERTY

A. The Employee recognizes and acknowledges that he has had and will continue to have access to various confidential or proprietary information concerning the Company and corporations affiliated with the Company of a special and unique value which may include, without limitation, (i) books and records relating to operation, finance, accounting, sales, personnel and management, (ii) policies and matters relating particularly to operations such as customer service requirements, costs of providing service and equipment, operating costs and pricing matters, and (iii) various trade or business secrets, including business opportunities, marketing or business diversification plans, business development and bidding techniques, methods and processes, financial data and the like (collectively, the "Protected Information").

B. The Employee agrees, therefore, that he will not at any time, either while employed by the Company or afterwards, knowingly make any independent use of, or knowingly disclose to any other person or organization (except as authorized by the Company) any of the Protected Information.

C. In the event of a breach or threatened breach by the Employee of the provisions of this Section 7, the Employee agrees that Company shall be entitled to seek, upon application to any court of proper jurisdiction and an appropriate showing to such court, a temporary restraining order or a preliminary injunction (without the necessity of the Company posting any bond in connection therewith) restraining the Employee from using or disclosing, in whole or in part, such Protected Information. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Employee.

D. The Employee shall disclose promptly to the Company any and all conceptions and ideas for inventions, improvements, and valuable discoveries, whether patentable or not, which are conceived or made by the Employee solely or jointly with another during the period of employment on active status and which pertain primarily to the material business activities of the Company and the Employee hereby assigns and agrees to assign all his interests therein to the Company or to its nominee; whenever requested to do so by the Company, the Employee shall execute any and all applications, assignments or other instruments which the Company shall deem necessary to apply for and obtain Letters of Patent of the United States or any foreign country or to otherwise protect the Company's interest therein. These obligations shall not continue beyond the termination of employment with respect to inventions, improvements, and valuable discoveries, whether patentable or not, conceived, made or acquired by the Employee after the period of employment, and shall be binding upon the Employee's assigns, executors, administrators and other legal representatives. Notwithstanding anything above to the contrary,

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any conceptions and ideas for inventions, improvements, and valuable discoveries, whether patentable or not, which are conceived or made by the Employee that relate primarily to the truck body and equipment manufacturing enterprise discussed in Section 1(B) hereof shall be excluded from the provisions of this Section 7(D).

8. EMPLOYEE CONDUCT

A. The Employee represents and agrees with the Company that he will make no disbursement or other payment of any kind or character out of the compensation paid or expenses reimbursed to him pursuant hereto or with any other fund, which contravene, in any material respect, any policy of the Company or, in any material respect, any applicable statute or rule, regulation or order of any jurisdiction, foreign or domestic. The Employee further agrees to indemnify and save harmless the Company from any liabilities, obligations, claims, penalties, fines or losses resulting from any unauthorized or unlawful acts of the Employee which contravene in any material respect any statute, rule, regulation or order of any jurisdiction, foreign or domestic, applicable to the Employee or the Company. The provisions of this Section 8 shall survive the dissolution or termination of the Employee's employment under this Agreement.

B. [This subsection intentionally left blank.]

C. The Employee agrees to disclose honestly and fully all information and documentation in his possession concerning all transactions or events relating to or affecting the Company or any entity owned, controlled (or otherwise affiliated) by the Company, as and to the extent such information or documentation is requested by the Company or the authorized representatives thereof; provided that if the Employee indicates to the Company that the information or documentation requested is privileged, confidential or personally sensitive, appropriate steps will be taken to attempt to protect such privilege, confidentiality or privacy to the extent possible consistent with the ethical or legal obligations applicable to the Company, but neither such assertions by the Employee nor the undertakings attempted by the Company with respect thereto shall qualify the unconditional disclosure obligation of the Employee set forth above.

9. GENERAL PROVISIONS

A. In case any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect (i) such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, (ii) this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein (except that this subsection (ii) shall not prohibit any modification allowed under Section 6 hereof), and (iii) if the effect of a

holding or finding that any such provision is either invalid, illegal or unenforceable is to modify to the Employee's detriment, reduce or eliminate any compensation, reimbursement, payment, allowance or other benefit to the Employee intended by the Company and Employee in entering into this Agreement, the Company shall promptly negotiate and enter into an agreement with the Employee containing alternative provisions (reasonably acceptable to the Employee), that will restore to the Employee (to the fullest extent lawfully permissible) substantially the same economic, substantive and income tax benefits the Employee would have enjoyed had any such provision of this Agreement been upheld as legal, valid and enforceable. Failure to insist upon

strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or of any other provision of this Agreement.

B. The Employee acknowledges receipt of a copy of this Agreement (together with any attachments hereto), which has been executed in duplicate and agrees that, with respect to the subject matter hereof, it is the entire Agreement with the Company. Any other oral or any written representations, understandings or agreements with the Company or any of its officers or representatives covering the same subject matter which are in conflict with this Agreement are hereby merged into and superseded by the provisions of this Agreement.

C. The Company shall have no right of set-off or counter-claim in respect of any debt or other obligation of the Employee to the Company against any payment or other obligation of the Company to the Employee provided for in this Agreement or pursuant to any other plan, agreement or policy.

D. No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be agreed to in writing and signed by the Employee and by a person duly authorized by the Compensation Committee.

E. No right to or interest in any compensation or reimbursement payable hereunder shall be assignable or divisible by the Employee; provided, however, that this provision shall not preclude the Employee from designating one or more beneficiaries to receive any amount that may be payable after his death and shall preclude his executor or administrator from assigning any right hereunder to the person or person entitled thereto.

F. The headings of Sections and subsection hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

G. (i) Company consents with respect to any action, suit or other legal proceeding pertaining directly to this Agreement or to the interpretation of or enforcement of any of the Employee's rights hereunder, to service of process in the State of California and appoints CT Corporation System or such other agent within California as shall be designated by Company in a written notice to Employee, as its agent, in such state for such

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purpose. Company irrevocably (i) agrees that any such suit, action or legal proceeding may be brought in the courts of such state or the courts of the United States for such state, (ii) consents to the jurisdiction of each such court in any such suit, action or legal proceeding and (iii) waives any objection it may have to laying of venue of any such suit, action or legal proceeding in any of such courts.

(ii) This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of California.

H. This Agreement may not be assigned, partitioned, subdivided, pledged, or hypothecated in whole or in part without the express prior written consent of the Employee and Company. This Agreement shall not be terminated either by the voluntary or involuntary dissolution or the winding up of the affairs of the Company, or by any merger or consolidation wherein the Company is not the surviving corporation, or by any transfer of all or substantially all of the Company's assets on a consolidated basis. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the surviving

corporation or to the corporation to which such assets shall be transferred.

I. If any amounts which are required or determined to be paid or payable or reimbursed or reimbursable to the Employee under this Agreement (or under any other plan, agreement, policy or arrangement with the Company) are not so paid promptly at the times provided herein or therein, such amounts shall accrue interest compounded daily at the annual percentage rate which is three percentage points (3%) above the interest rate which is announced by The First National Bank of Boston, Boston, Massachusetts, from time to time, as its Base Rate (or prime lending rate), from the date such amounts were required or determined to have been paid or payable or reimbursed or reimbursable to the Employee until such amounts and any interest accrued thereon are finally and fully paid, provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder exceed the maximum non-usurious amount of interest allowed by applicable law.

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J. The Company agrees with the Employee that, except to the extent required by law, it will not make or publish, without the express prior written consent of the Employee, any written or oral statement concerning the terms of the Employee's employment relationship with the Company and will not, if the Employee goes on part-time status for any reason or severs his employment with the Company, make or publish any written or oral statement concerning the Employee including, without limitation, his work-related performance or the reasons or basis for the Employee going on part-time status or otherwise severing his employment relationship with the Company.

K. The Company agrees with the Employee that, if not completed by the Effective Date, the Company will (i) transfer to Employee for fair market value consideration the truck body and equipment manufacturing enterprise, (ii) complete the transactions described on Schedule 7.13 of the Merger Agreement with respect to the transfer station in Carson, California and the office building in Torrence, California and (iii) pay to Employee the \$750,000 bonus specified in Schedule 7.13.

L. The Company will provide indemnification to Employee and shall include Employee in the Company's Directors' and Officers' insurance policies consistent with the indemnification and insurance applicable to the principal executive officers of the Company.

#### 10. TERMINATION OF PRIOR AGREEMENTS

This Agreement shall terminate and supersede any and all prior written or oral agreements or understandings existing between the Company and the Employee with respect to employment or compensation, and the Company and the Employee hereby mutually release and discharge each other from any further obligation, liability or responsibility under any of the foregoing.

#### 11. NOTICES

Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered in person or when deposited in the U.S. mail, registered or certified, postage prepaid, and mailed to the respective addresses set forth herein.

#### 12. DISPUTES; PAYMENT OF ATTORNEYS' FEES

If at any time during the term of this Agreement or afterwards there should arise any dispute as to the validity, interpretation or application of any term or condition of this Agreement, the Company agrees, upon written demand by Employee (and Employee shall be entitled, upon application to any court of competent jurisdiction, to the entry of a mandatory injunction,

without the necessity of posting any bond with respect thereto, compelling the Company) to promptly provide sums sufficient to pay on a current basis (either directly or by reimbursing the Employee) the Employee's costs and reasonable attorney's fees (including expenses of investigation and

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disbursements for the fees and expenses of experts, etc.) incurred by the Employee in connection with any such dispute or any litigation, (x) provided that the Employee shall repay any such amounts paid or advanced if the Employee is not the prevailing party with respect to any dispute or litigation arising under Sections 6, 7 or 8, or (y) regardless of whether the Employee is the prevailing party in a dispute or in litigation involving any other provision of this Agreement, provided that the court in which such litigation is first initiated determines with respect to this obligation, upon application of either party hereto, the Employee did not initiate frivolously such litigation. Under no circumstances shall the Employee be obligated to pay or reimburse the Company for any attorneys' fees, costs of expenses incurred by the Company. The provisions of this Section 12 shall survive the expiration or termination of this Agreement and of the Employee's employment hereunder.

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

/s/ KOSTI SHIRVANIAN

-----  
Kosti Shirvanian

Employee's Permanent Address:

USA WASTE SERVICES, INC.

By: /s/ JOHN E. DRURY

-----  
John E. Drury  
Chief Executive Officer

5400 LBJ Freeway  
Suite 300 - Tower One  
Dallas, Texas 75240

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## USA WASTE SERVICE, INC.

COMPUTATION OF EARNINGS PER COMMON SHARE  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
<b>PRIMARY</b>			
Income (loss) available to common shareholders.....	\$ 30,262	\$ (76,843)	\$ 406
	=====	=====	=====
Number of common shares outstanding.....	65,975	50,409	46,430
Effect of using weighted average common stock outstanding.....	(11,579)	(1,375)	(1,071)
Common stock equivalents(1).....	874	637	526
	-----	-----	-----
Total.....	55,270	49,671	45,885
	=====	=====	=====
Earnings (loss) per common share.....	\$ 0.55	\$ (1.55)	\$ 0.01
	=====	=====	=====
<b>FULLY DILUTED</b>			
Net income (loss).....	\$ 30,262	\$ (76,278)	\$ 988
	=====	=====	=====
Number of common shares outstanding.....	65,975	50,409	46,430
Effect of using weighted average common stock outstanding.....	(11,579)	(1,375)	(1,071)
Common stock equivalents(1).....	924	1,466	2,184
	-----	-----	-----
Total.....	55,320	50,500	47,543
	=====	=====	=====
Earnings (loss) per common share(2).....	\$ 0.55	\$ (1.51)	\$ 0.02
	=====	=====	=====

(1) Common stock equivalents were determined based on the "Treasury Stock Method" as set forth in Accounting Principles Board Opinion No. 15.

(2) The dilutive effect between primary and fully dilutive earnings (loss) per common share is less than 3% or is anti-dilutive for all periods presented and is therefore not disclosed in the consolidated statements of operations.

## SUBSIDIARIES OF THE REGISTRANT

Name ----	Jurisdiction of Incorporation -----	Assumed Names -----
USA Waste of Oklahoma, Inc.	Oklahoma	Norman Transfer Moore Transfer Pinecrest Landfill
USA Waste of Texas, Inc.	Texas	ECO Waste Services Ellis County Landfill USA Waste of Fort Worth
Mission Disposal, Inc.	Texas	
Best Pak Disposal, Inc. USA Waste of Illinois, Inc.	Texas Illinois	Northshore Waste Control USA Waste Services
Countryside Landfill, Inc. Lakeland Properties	Illinois Illinois	
Central Illinois Disposal, Inc. Big Dipper Enterprises, Inc.	Illinois North Dakota	Dakota Landfill
Waste Recovery Corporation USA Waste of Indiana, Inc.	Ohio Indiana	Liberty Disposal
Earthmovers, Inc. Liberty Landfill, Inc.	Indiana Indiana	
Soil Remediation of Philadelphia, Inc. West Virginia Waste Services, Inc.	Delaware West Virginia	
Envirofil, Inc. Envirofil Services, Inc.	Delaware Delaware	
EVH Co. Envirofil of Illinois, Inc.	Delaware Illinois	Leroy Brown Landfill
Ellis-Scott, Inc. Sacramento Valley Environmental Waste Company Mid-Valley Acquisition Corporation	Missouri California Delaware	
EWA, Inc. Stockton Scavengers Association	Delaware California	
Kitsap County Sanitary Landfill, Inc.		
Washington Brem-Air Disposal, Inc.	Olympic View Sanitary Landfill Oregon	Brem-Med

North Sound Sanitation, Inc. South Sound Sanitation, Inc.	Washington Washington	North-Med South-Med
Juan De Fuca Corrugated, Ltd. Stanwood Camano Disposal, Inc.	Washington Washington	Peninsula Recycling
Environmental Waste of Skagit County, Inc. Meadowbrook Carting Co.	Washington New Jersey	

Mid-Jersey Disposal, Inc.	New Jersey
Quality Recycling Co., Inc.	New Jersey
Forcees, Inc.	New Jersey
CleanSoils Fairless Hills, Inc.	Minnesota
U.S.A. Waste of Fairless Hills, Inc.	Delaware
Chambers Development Company, Inc.	Delaware
Chambers Clearview Environmental Landfill, Inc.	Mississippi
Chambers Development of Ohio, Inc.	Ohio
Chambers Development Virginia, Inc.	Virginia
Chambers Enterprises, Inc.	Pennsylvania
Chambers International, Inc.	Delaware
Chambers Laurel Highlands Landfill, Inc.	Pennsylvania
Chambers Maplewood Landfill, Inc.	Virginia
Chambers Medical Technologies, Inc. (Incorporated 2/12/85)	Pennsylvania
Chambers Medical Technologies, Inc. (Incorporated 4/26/91)	Pennsylvania
Chambers Medical Technologies of South Carolina, Inc.	South Carolina
Chambers New Jersey Land, Inc.	New Jersey
Chambers Oakridge Landfill, Inc.	South Carolina
Chambers Orange County Landfill, Inc.	Florida
Chambers Resources, Inc.	Pennsylvania
Chambers Richland County Landfill, Inc.	South Carolina
Chambers Services, Inc.	Delaware
Chambers Smyrna Landfill, Inc.	Georgia
Chambers Waste Systems of California, Inc.	California
Chambers Waste Systems of Florida, Inc.	Florida
Chambers Waste Systems of Mississippi, Inc.	Mississippi

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Chambers Waste Systems of New Jersey, Inc.	New Jersey
Chambers Waste Systems of New York, Inc.	New York
Chambers Waste Systems of North Carolina, Inc.	North Carolina
Chambers Waste Systems of Ohio, Inc.	Ohio
Chambers Waste Systems of Rhode Island, Inc.	Rhode Island
Chambers Waste Systems of South Carolina, Inc.	South Carolina
Chambers Waste Systems of Texas, Inc.	Texas
Chambers Waste Systems of Virginia, Inc.	Virginia
Chambers of Delaware, Inc.	Delaware
Chambers of Georgia, Inc.	Georgia
Chambers of Illinois, Inc.	Illinois
Chambers of Indiana, Inc.	Indiana
Chambers of Maryland, Inc.	Maryland
Chambers of Massachusetts, Inc.	Massachusetts

Chambers of Mississippi, Inc.	Mississippi
Chambers of New Jersey, Inc.	New Jersey
Chambers of New Jersey Recycling, Inc.	New Jersey
Chambers of Pennsylvania, Inc.	Pennsylvania
Chambers of Tennessee, Inc.	Tennessee
Chambers of West Virginia, Inc.	West Virginia
Dauphin Meadows, Inc.	Pennsylvania
The H. Sienknecht Co.	Tennessee
LCS Services, Inc.	West Virginia
William H. Martin, Inc.	Pennsylvania
Morris County Transfer Station, Inc.	New Jersey
Rail-It Corporation	Illinois
Rail-It Limited Partnership	Illinois
Remote Landfill Services, Inc.	Tennessee
CDC Services, Inc.	Delaware
Southern Alleghenies Disposal Services, Inc.	Pennsylvania
U.S. Services Corporation	Pennsylvania
U.S. Utilities Services Corp.	Pennsylvania
Chambers R & B Landfill, Inc.	Georgia
Brazoria County Recycling Center, Inc.	Texas
Sunray Services, Inc.	Delaware

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Old Dominion Recycling Services, Inc.	Virginia
White Bros. Trucking Company	New Jersey
Ellesor, Inc.	New Jersey
Safety Recycling Company, Inc.	New Jersey
Art-Jo Company	New Jersey
Fulton Sanitation Services, Inc.	Arkansas

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## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in USA Waste Services, Inc.'s Registration Statements on Form S-4 (File Nos. 33-60103 and 33-63981), Registration Statements on Form S-3 (File Nos. 33-42988, 33-43809, 33-76226, 33-85018 and 333-00097) and Registration Statements on Form S-8 (File Nos. 33-43619, 33-59807, 33-72436, 34-84988, 33-84990, 33- 61621, 33-61625 and 33-61627), of our report, which makes reference to the reliance on the report of other auditors, dated March 1, 1996 on our audits of the consolidated financial statements of USA Waste Services, Inc. and subsidiaries as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Dallas, Texas  
March 21, 1996

## INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in USA Waste Services, Inc.'s Registration Statement Nos. 33-60103 and 33-63981 on Form S-4, Registration Statement Nos. 33-42988, 33-43809, 33-76226, 33-85018 and 333-00097 on Form S-3 and Registration Statement Nos. 33-43619, 33-59807, 33-72436, 34-84988, 33-84990, 33-61621, 33-61625 and 33-61627 on Form S-8 of our report dated March 30, 1995 on the consolidated financial statements of Chambers Development Company, Inc. and subsidiaries as of December 31, 1994 and for the years ended December 31, 1994 and 1993, appearing in this Annual Report on Form 10-K of USA Waste Services, Inc. for the year ended December 31, 1995.

Deloitte & Touche LLP

Pittsburgh, Pennsylvania  
March 21, 1996

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF USA WASTE FOR THE TWELVE MONTHS ENDED DECEMBER 31,1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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