

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported)  
JULY 14, 1998

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

DELAWARE  
(State or other  
jurisdiction of  
incorporation)

1-12154  
(Commission  
File Number)

73-1309529  
(IRS Employer  
Identification  
Number)

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

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

ITEM 5. OTHER EVENTS

On July 14, 1998, Waste Management, Inc. (formerly known as USA Waste Services, Inc.) (the "Company") sold \$600,000,000 of its 7% Senior Notes due 2028 and \$600,000,000 of its 6 1/8% Senior Notes due 2011 in an underwritten public offering.

ITEM 7. EXHIBITS

- 1.1 Underwriting Agreement dated July 14, 1998 among the Registrant and the Underwriters named therein relating to the sale of 7% Senior Notes due 2028.
- 1.2 Underwriting Agreement dated July 14, 1998 among the Registrant and the Underwriters named therein relating to the sale of 6 1/8% Senior Notes due 2011.
- 1.3 Form of Remarketing Agreement dated as of July 17, 1998 between the Company and J.P. Morgan Securities Inc.
- 4.1 Form of 7% Senior Note due 2028.
- 4.2 Form of 6 1/8% Senior Note due 2011.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WASTE MANAGEMENT, INC.

Dated: July 17, 1998

By: /s/ Gregory T. Sangalis

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Gregory T. Sangalis  
Vice President and Secretary

\$600,000,000

USA WASTE SERVICES, INC.

7% SENIOR NOTES DUE 2028

UNDERWRITING AGREEMENT

July 14, 1998

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
CREDIT SUISSE FIRST BOSTON CORPORATION  
GOLDMAN, SACHS & CO  
MERRILL LYNCH, PIERCE,  
FENNER & SMITH INCORPORATED  
SALOMON BROTHERS INC.  
c/o Donaldson, Lufkin & Jenrette  
Securities Corporation  
277 Park Avenue  
New York, New York 10172

Dear Sirs:

USA Waste Services, Inc., a Delaware corporation (the "Company"), proposes to issue and sell \$600,000,000 principal amount of its 7% Senior Notes due 2028 (the "Securities"), to the several underwriters named in Schedule I hereto (the "Underwriters"). The Securities are to be issued pursuant to the provisions of an indenture (the "Senior Indenture") dated as of September 10, 1997 between the Company and Chase Bank of Texas, National Association, as trustee (the "Trustee"). The terms of the Securities are set forth in resolutions of the Pricing Committee of the Board of Directors of the Company dated as of the date hereof (the "Resolutions").

1. REGISTRATION STATEMENT AND PROSPECTUS. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively called the "Act"), a registration statement on Form S-3 (Registration No. 333-52197), including a prospectus relating to the Securities, which may be amended. The registration statement as amended at the time when it became effective, including all documents or information incorporated or deemed to be incorporated by reference therein is referred to as the "Registration Statement"; and the prospectus in the form first used to confirm sales of Securities, (including (a) the information contained in any prospectus supplement relating to the Securities or deemed to be part of the Registration Statement at effectiveness pursuant to Rule 430A or Rule 434 of the Act, and (b) any documents or information incorporated or deemed to be incorporated by reference into such prospectus), are hereinafter referred to as the "Prospectus". Any registration statement (including any amendment or supplement thereto or information which is deemed to be a part thereof) filed by the Company under Rule 462(b) of the Act (a

"Rule 462(b) Registration Statement") shall be deemed to be a part of the Registration Statement. If the Company elects to rely on Rule 434 under the Act, all references to the Prospectus shall be deemed to also include, without limitation, the form of prospectus and term sheet (a "Term Sheet"), taken together, provided to the Underwriters by the Company in reliance on Rule 434 under the Act (the "Rule 434 Prospectus"). All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "described" or "stated" in the Registration Statement or the Prospectus (and all references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement or the Prospectus shall be deemed to mean and include, without limitation, even though not specifically stated, any document filed under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (the "Exchange Act") which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus after the effective date, as the case may be.

2. AGREEMENTS TO SELL AND PURCHASE. On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to issue and sell, and each Underwriter agrees, severally and not jointly, to purchase from the Company the principal amount of Securities set forth opposite the name of such Underwriter in Schedule I hereto at 98.012% of the principal amount thereof (the "Purchase Price") plus accrued interest thereon, if any, from July 17, 1998 to the date of payment and delivery.

3. TERMS OF PUBLIC OFFERING. The Company is advised by you that the Underwriters propose (i) to make a public offering of their respective portions of the Securities as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Securities upon the terms set forth in the Prospectus.

4. DELIVERY AND PAYMENT. Delivery to the Underwriters of and payment for the Securities shall be made at 10:00 A.M., New York City time, on the third or fourth business day unless otherwise permitted by the Commission pursuant to Rule 15c6-1 of the Exchange Act (the "Closing Date") following the date of this Agreement at such place as you shall designate. The Closing Date and the location of delivery of and the form of payment for the Securities may be varied by agreement between you and the Company.

The Securities shall be registered in such names and issued in such denominations as you shall request in writing not later than two full business days prior to the Closing Date. A global certificate for the Securities shall be made available to you for inspection not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date. A global certificate for the Securities in definitive form evidencing the Securities shall be delivered to you on the Closing Date with any transfer taxes thereon duly paid by the Company, for the respective accounts of the several Underwriters, against payment of the Purchase Price therefor by wire transfer in same day funds to an account specified by the Company.

5. AGREEMENTS OF THE COMPANY. The Company agrees with you:

(a) Immediately following the determination of the Purchase Price, to prepare, and file or transmit for filing with the Commission in accordance with Rule 424(b) of the Act, copies of a prospectus supplement relating to the Securities and containing all information required under the Act.

(b) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when the Registration Statement has become effective and when any post-effective amendment to it becomes effective, (ii) of the receipt of comments from the Commission relating to the Registration Statement, (iii) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (v) of the happening of any event during the period referred to in paragraph (e) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time.

(c) To furnish to you, without charge, five signed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits, and to furnish to you and each Underwriter designated by you such number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits, as you may reasonably request.

(d) Prior to the termination of the offering of Securities, not to (i) file any Rule 462(b) Registration Statement, (ii) file any amendment or supplement to the Registration Statement, (iii) file any document under the Exchange Act which shall be deemed to be incorporated by reference into the Prospectus, or (iv) make any amendment or supplement to the Prospectus (including the issuance or filing of any Term Sheet) of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any Rule 462(b) Registration Statement, Term Sheet or amendment or supplement to the Registration Statement or the Prospectus which may be necessary or advisable in connection with the distribution of the Securities by you, and to use its best efforts to cause the same to become promptly effective.

(e) From time to time for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish to each Underwriter and dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as such Underwriter or dealer may reasonably request.

(f) If during the period specified in paragraph (e) any event shall occur as a result of which, in the opinion of counsel for the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to

each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request.

(g) Prior to any public offering of the Securities, to cooperate with you and counsel for the Underwriters in connection with the registration or qualification of the Securities for offer and sale by the several Underwriters and by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Securities and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification.

(h) To mail and make generally available to its securityholders as soon as reasonably practicable an earnings statement covering a period of at least twelve months after the Closing Date (but in no event commencing later than 90 days after such date) which shall satisfy the provisions of Section 11(a) of the Act.

(i) During the period of five years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of its Securities a financial report of the Company and its subsidiaries on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(j) During the period referred to in paragraph (i), to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the securityholders of the Company or filed with the Commission and such other publicly available information concerning the Company and its subsidiaries as you may reasonably request.

(k) To pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Act of the Registration Statement (including financial statements and exhibits), each preliminary prospectus relating to the Securities and all amendments and supplements to any of them prior to or during the period specified in paragraph (e), (ii) the printing and delivery of the Prospectus and all amendments or supplements to it during the period specified in paragraph (e), (iii) the printing and delivery of this Agreement and the Senior Indenture, (iv) the registration or qualification of the Securities for offer and sale under the securities or Blue Sky laws of the several states (including in each case the fees and disbursements of counsel for the Underwriters relating to such registration or qualification and memoranda relating thereto), (v) the rating of the Securities by securities rating agencies or services for rating the Securities, and (vi) furnishing such copies of the Registration Statement, the Prospectus and all amendments and supplements thereto as may be requested for use in connection with the offering or sale of the Securities by the Underwriters or by dealers to whom Securities may be sold.

(l) To use its best efforts to maintain the listing of the Company's common stock, par value \$0.01 per share (the "Common Stock") on the New York Stock Exchange for a period of five years after the effective date of the Registration Statement.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Securities.

(n) To use the net proceeds received by it from the sale of Securities in the manner specified in the Prospectus under "Use of Proceeds."

(o) During the period beginning on the date hereof and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company (other than (i) the Securities or the Company's 6-1/8% Mandatorily Tendered Senior Notes due 2011 which are being offered concurrently pursuant to a separate Prospectus Supplement and (ii) commercial paper issued in the ordinary course of business), without your prior written consent.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to each Underwriter that:

(a) The Company meets the requirements for use of Form S-3; the Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or have been threatened by the Commission.

(b) At the time the Registration Statement, any Rule 462(b) Registration Statement or any post-effective amendment to the Registration Statement became or becomes effective, on the date that any amendment or supplement to the Prospectus is filed with the Commission, and at the Closing Date, (i) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iii) the Prospectus did not and does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph (b) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) Any term sheet or prospectus subject to completion provided by the Company to the Underwriters for use in connection with the offering and sale of the Securities pursuant to Rule 434 under the Act together are not materially different from the prospectus included in the Registration Statement (exclusive of any information deemed a part thereof by virtue of Rule 434(d)). The documents incorporated or deemed to be incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 under the Act, at the time they were, or hereafter are, filed with

the Commission, complied and will comply in all material respects with the requirements of the Exchange Act, and, when read together with other information in the Prospectus, at the time the Registration Statement became effective and as of the Closing Date, and during the period specified in Section 5(e), did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, and each Rule 462(b) Registration Statement, if any, complied when so filed in all material respects with the Act; and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Annex I is an accurate and complete list of all subsidiaries of the Company (the "Material Subsidiaries") which accounted for more than \$21.5 million of revenues during the three months ended March 31, 1998 or which, as of March 31, 1998, had assets in excess of \$151.8 million. The Company and each of its subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as it is currently being conducted and to own, lease and operate its properties, and each is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(f) All of the outstanding shares of capital stock of, or other ownership interests in, each of the Company's subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (other than liens created under the Credit Facility (as defined in the Registration Statement)).

(g) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to, any preemptive or similar rights. Upon payment of the Purchase Price and delivery of certificates representing the Securities, each of the Underwriters will receive the Securities free and clear of all liens, security interests or encumbrances.

(h) The Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Senior Indenture and delivered to the Underwriters against payment therefor as provided by this Agreement, will be entitled to the benefits of the Senior Indenture, and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited to equitable principles of general applicability.

(i) This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms

(except as enforcement of rights to indemnity and contribution hereunder may be limited by applicable laws or principles of public policy and subject to the qualifications that the enforceability of the Company's obligations hereunder may be limited by bankruptcy, insolvency, reorganization, or other laws relating to or affecting creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law).

(j) The Senior Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended, and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(k) The Securities conform as to legal matters to the description thereof contained in the Prospectus.

(l) Neither the Company nor any of its subsidiaries is in violation of its respective charter or by-laws or in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective properties are bound.

(m) The execution, delivery and performance of this Agreement, the Senior Indenture and the Securities and compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or order of any court, regulatory body, administrative agency or other governmental body (except such as may be required under the securities or Blue Sky laws of the various states or jurisdictions outside the United States) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of its subsidiaries or any agreement, indenture or other instrument to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective properties are bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company, any of its subsidiaries or their respective properties.

(n) Except as otherwise set forth in the Prospectus, there are no material legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any of their respective properties are the subject, and, to the Company's knowledge, no such proceedings are threatened or contemplated. No material development has occurred with respect to the legal proceedings described in the Registration Statement. No contract or document of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement is not so described or filed as required.

(o) Neither the Company nor any of its subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any

provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(p) The Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business as currently being conducted and as the Company expects it to be conducted except where the failure to have such permits would not have a material adverse effect on the Company and its subsidiaries, taken as a whole; the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries.

(q) In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, except to the extent properly accrued for in the Company's financial statements, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(r) Except as otherwise set forth in the Prospectus or such as are not material to the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, the Company and each of its subsidiaries has good and marketable title, free and clear of all liens, claims, encumbrances and restrictions, except liens for taxes not yet due and payable, to all property and assets described in the Registration Statement as being owned by it. All leases to which the Company or any of its subsidiaries is a party are valid and binding and no default has occurred or is continuing thereunder that might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, and the Company and its subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or such subsidiary.

(s) The Company and each of its subsidiaries maintains insurance as is customary in the industry.

(t) PricewaterhouseCoopers LLP are independent public accountants with respect to the Company and Arthur Andersen LLP are independent public accountants with respect to Waste Management, Inc. ("Waste Management") as required by the Act.

(u) The financial statements, together with related schedules and notes, forming part of the Registration Statement and the Prospectus (and any amendment or supplement thereto), present fairly the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries and Waste Management on the basis stated in the Registration Statement at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company and its subsidiaries and Waste Management. No other financial statements or schedules are required by the Act or the Exchange Act to be included in the Registration Statement or the Prospectus.

(v) The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(w) No holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company because of the filing of the Registration Statement, which has not been waived.

(x) There are no outstanding subscriptions, rights, warrants, options, calls, convertible securities, commitments of sale or liens related to or entitling any person to purchase or otherwise to acquire any shares of the capital stock of, or other ownership interest in, the Company or any subsidiary thereof except as otherwise disclosed in the Registration Statement or Prospectus.

(y) Except as disclosed in the Prospectus, there are no business relationships or related party transactions required to be disclosed therein by Item 404 of Regulation S-K of the Commission.

(z) There is (i) no significant unfair labor practice complaint pending against the Company or any of its subsidiaries or, to the knowledge of the Company, threatened against any of them, before the National Labor Relations Board or any state or local labor relations board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Company or any of its subsidiaries or, to the Company's knowledge, threatened against any of them, and (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Company or any of its subsidiaries or, to the Company's knowledge, threatened against it or any of its subsidiaries except for such actions specified in clause (i) or (ii) above, which, singly or in the aggregate could not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(aa) The Company and each of its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets

is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(bb) All material tax returns required to be filed by the Company and each of its subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or any of its subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

(cc) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus and prior to the Closing Date, (i) there has not been and will not have been, except as set forth in or as contemplated by the Registration Statement and the Prospectus any change in the capitalization, long term or short term debt or in the capital stock or equity of the Company or any of its subsidiaries, (ii) neither the Company nor any of its subsidiaries has incurred any material liabilities or obligations, direct or contingent, nor has it entered into any material transactions other than pursuant to this Agreement, and the transactions referred to herein, or as contemplated in the Prospectus, and (iii) there has not been any material adverse effect, or any development involving a prospective material adverse effect, in or affecting the general affairs, management, financial position, shareholders' equity (or, with respect to partnership subsidiaries, partnership capital), net worth or results of operations of the Company and its subsidiaries, taken as a whole.

(dd) The Company and its affiliates have not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, the Company has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Securities.

Any certificate or other document signed by any officer or authorized representative of the Company and delivered to the Underwriters or to counsel for the Underwriters shall be deemed a representation and warranty of the Company to each Underwriter as to the matters covered thereby.

## 7. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each an "Underwriter Indemnified Party" and collectively the "Underwriter Indemnified Parties"), from and against any and all losses, claims, damages, liabilities and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any

Underwriter furnished in writing to the Company by or on behalf of any Underwriter through you expressly for use therein.

(b) The indemnity agreement contained in paragraph 7(a), with respect to any preliminary prospectus, shall not inure to the benefit of any Underwriter to the extent that any loss, claim, damage or liability results from the fact that a copy of the Prospectus (not including documents incorporated by reference herein) was not sent or given by or on behalf of such Underwriter to the person asserting any such loss, claim, damage or liability to the extent that the Prospectus would have cured the defect giving rise to such loss, claim, damage, liability or judgment if such Underwriter shall have been provided with the number of copies of the Prospectus requested by such Underwriter and it is judicially determined that such delivery was required under the Act and was not so made.

(c) In case any action shall be brought against any Underwriter Indemnified Party, based upon any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto and with respect to which indemnity may be sought against the Company, such Underwriter Indemnified Party shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Underwriter Indemnified Party and payment of all fees and expenses. Any Underwriter Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter Indemnified Party unless (i) the employment of such counsel has been specifically authorized in writing by the Company, (ii) the Company shall have failed to assume the defense and employ counsel reasonably satisfactory to such Underwriter Indemnified Party, or (iii) the named parties to any such action (including any impleaded parties) include both such Underwriter Indemnified Party and the Company and such Underwriter Indemnified Party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company (in which case the Company shall not have the right to assume the defense of such action on behalf of such Underwriter Indemnified Party, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all such Underwriter Indemnified Parties, which firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation and that all such fees and expenses shall be reimbursed as they are incurred). The Company shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Company, the Company agrees to indemnify and hold harmless any Underwriter Indemnified Party from and against any loss or liability by reason of such settlement. Notwithstanding the immediately preceding sentence, if in any case where the fees and expenses of counsel are at the expense of the Company and an Underwriter Indemnified Party shall have requested the Company to reimburse the Underwriter Indemnified Party for such fees and expenses of counsel as incurred, the Company agrees that it shall be liable for any settlement of any action effected without its written consent if (i) such settlement is entered into more than forty business days after the receipt by the Company of the aforesaid request and (ii) the Company shall have failed to reimburse the Underwriter Indemnified Party in accordance with such request for reimbursement prior to the date of such settlement. The Company shall not, without the prior written consent of the Underwriter Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of

which any Underwriter Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Underwriter Indemnified Party, unless such settlement includes an unconditional release of such Underwriter Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(d) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, and any person controlling the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each of "Company Indemnified Party," collectively the "Company Indemnified Parties" and together with the Underwriter Indemnified Parties, an "Indemnified Party" or the "Indemnified Parties"), to the same extent as the foregoing indemnity from the Company to each Underwriter Indemnified Party but only with reference to information relating to such Underwriter furnished in writing by or on behalf of such Underwriter through you expressly for use in the Registration Statement, the Prospectus or any preliminary prospectus. In case any action shall be brought against a Company Indemnified Party based on the Registration Statement, the Prospectus or any preliminary prospectus and in respect of which indemnity may be sought against any Underwriter, the Underwriter shall have the rights and duties given to the Company (except that if the Company shall have assumed the defense thereof, such Underwriter shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such Underwriter), and the Company Indemnified Party shall have the rights and duties given to the Underwriter, by Section 7(c) hereof.

(e) If the indemnification provided for in this Section 7 is unavailable to an Indemnified Party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company, and the total underwriting discounts and commissions received by the Underwriters, bear to the total price to the public of the Securities, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7(e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the

losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 7(e) are several in proportion to the respective principal amount of Securities purchased by each of the Underwriters hereunder and not joint.

(f) The Company hereby designates CT Corporation Systems, Inc., 1633 Broadway, New York, New York 10019, (a Delaware corporation) as its authorized agent, upon which process may be served in any action, suit or proceeding which may be instituted in any state or federal court in the State of New York by any Underwriter or person controlling an Underwriter asserting a claim for indemnification or contribution under or pursuant to this Section 7, and the Company will accept the jurisdiction of such court in such action, and waives, to the fullest extent permitted by applicable law, any defense based upon lack of personal jurisdiction or venue. A copy of any such process shall be sent or given to the Company, at the address for notices specified in Section 10 hereof.

8. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The several obligations of the Underwriters under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company contained in this Agreement shall be true and correct on the date hereof and on the Closing Date with the same force and effect as if made on and as of such dates.

(b) The Registration Statement shall have become effective not later than 5:00 P.M., (and in the case of a Registration Statement filed under 462(b) of the Act, not later than 10:00 P.M.) New York City time, on the date of this Agreement or at such later date and time as you may approve in writing, and at the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been commenced or shall be pending before or contemplated by the Commission.

(c) (i) Since the date of the latest balance sheet included in the Registration Statement and the Prospectus, there shall not have been any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, affairs or business prospects, whether or not arising in the ordinary course of business, of the Company, (ii) since the date of the latest balance sheet included in the Registration Statement and the Prospectus there shall not have been any change, or any development involving a prospective material adverse change, in the capital stock or in the long-term debt of the Company from that set forth in the Registration Statement and Prospectus, (iii) the Company and its subsidiaries shall have no liability or obligation, direct or contingent, which is material to the Company and its subsidiaries, taken as a whole, other than those reflected in the Registration

Statement and the Prospectus and (iv) on the Closing Date you shall have received a certificate dated the Closing Date, signed by Earl E. DeFrates and Ronald H. Jones, in their respective capacities as Chief Financial Officer and Treasurer of the Company, confirming the matters set forth in paragraphs (a), (b), and (c) of this Section 8.

(d) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date of Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P., counsel for the Company, to the effect that:

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

(ii) the Securities have been duly authorized, and when executed and authenticated in accordance with the provisions of the Senior Indenture and delivered to the Underwriters against payment therefor as provided by this Agreement, will be entitled to the benefits of the Senior Indenture and will be valid and binding obligations of the Company enforceable in accordance with their terms except (a) as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(iii) this Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms (except as enforcement of rights to indemnity and contribution hereunder may be limited under applicable laws or principles of public policy and subject to the qualifications that the enforceability of the Company's obligations hereunder may be limited by bankruptcy, insolvency, reorganization, or other laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law));

(iv) the Senior Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended, and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(v) the Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the knowledge of such counsel, pending before or contemplated by the Commission;

(vi) the statements under the captions "Description of Notes" and "Description of Debt Securities" in the Prospectus and Item 15 of Part II of the Registration Statement, insofar as such statements constitute a summary of legal matters or documents referred to

therein, fairly present the information called for with respect to such legal matters or documents;

(vii) the execution, delivery and performance of this Agreement, the Senior Indenture and the Securities by the Company, compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except such as may be required under the Act or other securities or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company;

(viii) the Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended;

(ix) the Registration Statement, the Prospectus, any supplement or amendment thereto and each document filed pursuant to the Exchange Act and incorporated or deemed to be incorporated by reference in the Prospectus (except for financial statements, financial and statistical information contained therein as to which no opinion need be expressed) comply as to form in all material respects with the Act;

(e) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Gregory T. Sangalis, General Counsel to the Company, to the effect that:

(i) each of the Company's Material Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

(ii) the Company and each of its Material Subsidiaries is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries, taken as a whole;

(iii) all of the outstanding shares of capital stock of, or other ownership interests in, each of the Company's subsidiaries have been duly and validly authorized and issued and are fully paid and non-assessable, and are owned by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (other than liens created under the Credit Facility);

(iv) all the outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any statutory preemptive rights or, to the knowledge of such counsel, any other similar rights;

(v) neither the Company nor any of its Material Subsidiaries is in violation of its respective charter or by-laws and, to the best of such counsel's knowledge after due inquiry, neither the Company nor any of its Material Subsidiaries is in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and its subsidiaries, taken as a whole, to which the Company or any of its Material Subsidiaries is a party or by which it or any of its subsidiaries or their respective properties are bound;

(vi) the execution, delivery and performance of this Agreement, the Senior Indenture and the Securities by the Company, compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of any of the Company's Material Subsidiaries or any agreement, indenture or other instrument to which the Company or any of its Material Subsidiaries is a party or by which the Company or any of its Material Subsidiaries or their respective properties are bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company or any of its subsidiaries or their respective properties;

(vii) to such counsel's knowledge there are no legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries is a party or to which any of their respective properties are subject which is required to be described in the Registration Statement or the Prospectus and is not so described, or of any contract or other document which is required to be described in the Registration Statement or the Prospectus or is required to be filed as an exhibit to the Registration Statement which is not described or filed as required; such counsel does not have any reason to believe that the description of litigation in the Prospectus is not accurate and complete in all material respects;

(viii) to such counsel's knowledge, except as described in the Prospectus, neither the Company nor any of its subsidiaries has violated any Environmental Laws, nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole;

(ix) to such counsel's knowledge, the Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus except where the failure to have such permits would not have a material adverse effect on the Company and its subsidiaries taken as a whole; to such counsel's knowledge, the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow,

revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries;

(x) to such counsel's knowledge, no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company as a result of filing the Registration Statement, which have not been waived;

(xi) such counsel believes that (except for financial statements, financial and statistical information contained therein, as aforesaid and except for that part of the Registration Statement that constitutes the Form T-1) the Registration Statement and the prospectus included therein at the time the Registration Statement became effective did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus, as amended or supplemented, if applicable (except for financial statements, and financial and statistical information as aforesaid) did not, as of its date and does not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) all descriptions in the Prospectus of statutes, regulations or legal or governmental proceedings in all material respects are accurate and fairly present the information required to be shown;

The opinion of Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P. referred to in subsection (d) above shall contain a statement that such counsel believes that (except for financial statements and financial and statistical information contained therein, as aforesaid and except for that part of the Registration Statement that constitutes the Form T-1), the Registration Statement and the prospectus included therein at the time the Registration Statement became effective did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus, as amended or supplemented, if applicable (except for financial statements and financial and statistical information, as aforesaid) did not, as of its date and does not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. In making such statement, Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P. may state that its opinions and beliefs are based upon its participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification except as specified.

In giving the opinions described in clause (d) and (e) above, such counsel may rely as to factual matters on information set forth in certificates of the Company or public officials.

The opinions of Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P. and Gregory T. Sangalis described in paragraphs (d) and (e) above shall be rendered to you at the request of the Company and shall so state therein.

(f) You shall have received on the Closing Date an opinion, dated the Closing Date, of McDermott, Will & Emery, counsel for the Underwriters, in form and substance satisfactory to you.

(g) You shall have received letters on and as of the Closing Date, in form and substance satisfactory to you, from PricewaterhouseCoopers LLP and Arthur Andersen LLP, independent public accountants to the Company and Waste Management, respectively, with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus; the letters to be delivered on the Closing Date being substantially in the form and substance of the letters delivered to you by PricewaterhouseCoopers LLP and Arthur Andersen LLP, respectively, on the date of this Agreement.

(h) The Company shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company at or prior to the Closing Date.

(i) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have been any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating or outlook accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Act.

9. EFFECTIVE DATE OF AGREEMENT AND TERMINATION. This Agreement shall become effective upon the later of (i) execution of this Agreement and (ii) when notification of the effectiveness of the Registration Statement has been released by the Commission.

This Agreement may be terminated at any time prior to the Closing Date by you by written notice to the Company if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any adverse change or development involving a prospective adverse change in the condition, financial or otherwise, of the Company or any of its subsidiaries or the earnings, affairs, or business prospects of the Company or any of its subsidiaries, whether or not arising in the ordinary course of business, which would, in your judgment, make it impracticable to market the Securities on the terms and in the manner contemplated in the Prospectus, (ii) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in your judgment, is material and adverse and would, in your judgment, make it impracticable to market the Securities on the terms and in the manner contemplated in the Prospectus, (iii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market System or limitation on prices for securities on any such exchange or National Market System, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects, or will materially and adversely affect, the business or operations of the Company or any Subsidiary, (v) the declaration of a banking moratorium by either federal or New York State authorities, (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your opinion has a material adverse effect on the financial markets in the United States or (vii) the suspension or material limitation of trading in the Company's securities on the New York Stock Exchange or limitation on prices for the Company's securities on such exchange.

If on the Closing Date any one or more of the Underwriters shall fail or refuse to purchase the Securities which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of Securities which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the total principal amount of the Securities to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the principal amount of Securities set forth opposite its name in Schedule I bears to the total principal amount of Securities which all the non-defaulting Underwriters, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Securities which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase on such date; provided that in no event shall the principal amount of Securities which any Underwriter has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 9 by an amount in excess of one-ninth of such principal amount of Securities, without the written consent of such Underwriter. If on the Closing Date any Underwriter or Underwriters shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased on such date by all Underwriters and arrangements satisfactory to you and the Company for purchase of such Securities are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the Company. In any such case which does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

10. MISCELLANEOUS. Notices given pursuant to any provision of this Agreement shall be addressed as follows: (a) if to the Company, to USA Waste Services, Inc., 1001 Fannin Street, Suite 4000, Houston, Texas 77002 and (b) if to any Underwriter or to you, to you c/o Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Corporate Bond Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Company, its officers and directors and of the several Underwriters set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Securities, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or by or on behalf of the Company, the officers or directors of the Company or any controlling person of the Company, (ii) acceptance of the Securities and payment for them hereunder and (iii) termination of this Agreement.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, the Company agrees to reimburse the several Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them.

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, the Underwriters, any controlling persons referred to herein and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns"

shall not include a purchaser of any of the Securities from any of the several Underwriters merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

[The next page is the signature page.]

Please confirm that the foregoing correctly sets forth the agreement between the Company and the several Underwriters.

Very truly yours,

USA WASTE SERVICES, INC.

By: /s/ Ronald H. Jones

-----  
Ronald H. Jones  
Vice President and Treasurer

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
CREDIT SUISSE FIRST BOSTON CORPORATION  
GOLDMAN, SACHS & CO  
MERRILL LYNCH, PIERCE, FENNER  
& SMITH INCORPORATED  
SALOMON BROTHERS INC.

By: DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By: /s/ Mark A. Pytosh

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SCHEDULE I

UNDERWRITERS -----	PRINCIPAL AMOUNT OF SECURITIES TO BE PURCHASED -----
Donaldson, Lufkin & Jenrette Securities Corporation	\$ 120,000,000
Credit Suisse First Boston Corporation	120,000,000
Goldman, Sachs & Co.	120,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	120,000,000
Salomon Brothers Inc.	120,000,000 -----
 TOTAL	 \$ 600,000,000

ANNEX I

MATERIAL SUBSIDIARIES

NO. ---	SUBSIDIARY -----	STATE OF INCORPORATION -----
1	Chambers Development Company, Inc.	Delaware
2	United Waste Systems, Inc.	Delaware
3	Envirofil, Inc.	Delaware
4	Sanifill, Inc.	Delaware
5	Western Waste Services, Inc.	California
6	Canadian Waste Services, Inc.	Ontario, Canada
7	Quebec Waste Services, Inc.	Quebec, Canada

\$600,000,000

USA WASTE SERVICES, INC.

6-1/8% MANDATORILY TENDERED SENIOR NOTES DUE 2011

UNDERWRITING AGREEMENT

July 14, 1998

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
J.P. MORGAN SECURITIES INC.  
BANCAMERICA ROBERTSON STEPHENS  
CHASE SECURITIES INC.  
DEUTSCHE BANK SECURITIES  
c/o Donaldson, Lufkin & Jenrette  
Securities Corporation  
277 Park Avenue  
New York, New York 10172

Dear Sirs:

USA Waste Services, Inc., a Delaware corporation (the "Company"), proposes to issue and sell \$600,000,000 principal amount of its 6-1/8% Mandatorily Tendered Senior Notes due 2011 (the "Securities"), to the several underwriters named in Schedule I hereto (the "Underwriters"). The Securities are to be issued pursuant to the provisions of an indenture (the "Senior Indenture") dated as of September 10, 1997 between the Company and Chase Bank of Texas, National Association, as trustee (the "Trustee"). The Securities are also subject to a Remarketing Agreement dated as of July 17, 1998 between the Company and J.P. Morgan Securities, Inc. (the "Remarketing Agreement"). The terms of the Securities are set forth in resolutions of the Pricing Committee of the Board of Directors of the Company dated as of the date hereof (the "Resolutions").

1. Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively called the "Act"), a registration statement on Form S-3 (Registration No. 333-52197), including a prospectus relating to the Securities, which may be amended. The registration statement as amended at the time when it became effective, including all documents or information incorporated or deemed to be incorporated by reference therein is referred to as the "Registration Statement"; and the prospectus in the form first used to confirm sales of Securities, (including (a) the information contained in any prospectus supplement relating to the Securities or deemed to be part of the Registration Statement at effectiveness pursuant to Rule 430A or Rule 434 of the Act, and (b) any documents or information incorporated or deemed to be incorporated by reference into such prospectus), are hereinafter referred to as the "Prospectus". Any registration statement (including any amendment or supplement thereto or

information which is deemed to be a part thereof) filed by the Company under Rule 462(b) of the Act (a "Rule 462(b) Registration Statement") shall be deemed to be a part of the Registration Statement. If the Company elects to rely on Rule 434 under the Act, all references to the Prospectus shall be deemed to also include, without limitation, the form of prospectus and term sheet (a "Term Sheet"), taken together, provided to the Underwriters by the Company in reliance on Rule 434 under the Act (the "Rule 434 Prospectus"). All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "described" or "stated" in the Registration Statement or the Prospectus (and all references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement or the Prospectus shall be deemed to mean and include, without limitation, even though not specifically stated, any document filed under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (the "Exchange Act") which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus after the effective date, as the case may be.

2. AGREEMENTS TO SELL AND PURCHASE. On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to issue and sell, and each Underwriter agrees, severally and not jointly, to purchase from the Company the principal amount of Securities set forth opposite the name of such Underwriter in Schedule I hereto at 99.345% of the principal amount thereof (excluding the premium payment of \$14.7 million to the Company by J.P. Morgan Securities Inc. pursuant to the Remarketing Agreement) (the "Purchase Price") plus accrued interest thereon, if any, from July 17, 1998 to the date of payment and delivery.

3. TERMS OF PUBLIC OFFERING. The Company is advised by you that the Underwriters propose (i) to make a public offering of their respective portions of the Securities as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Securities upon the terms set forth in the Prospectus.

4. DELIVERY AND PAYMENT. Delivery to the Underwriters of and payment for the Securities shall be made at 10:00 A.M., New York City time, on the third or fourth business day unless otherwise permitted by the Commission pursuant to Rule 15c6-1 of the Exchange Act (the "Closing Date") following the date of this Agreement at such place as you shall designate. The Closing Date and the location of delivery of and the form of payment for the Securities may be varied by agreement between you and the Company.

The Securities shall be registered in such names and issued in such denominations as you shall request in writing not later than two full business days prior to the Closing Date. A global certificate for the Securities shall be made available to you for inspection not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date. A global certificate for the Securities in definitive form evidencing the Securities shall be delivered to you on the Closing Date with any transfer taxes thereon duly paid by the Company, for the respective accounts of the several Underwriters, against payment of the Purchase Price therefor by wire transfer in same day funds to an account specified by the Company.

5. AGREEMENTS OF THE COMPANY. The Company agrees with you:

(a) Immediately following the determination of the Purchase Price, to prepare, and file or transmit for filing with the Commission in accordance with Rule 424(b) of the Act, copies

of a prospectus supplement relating to the Securities and containing all information required under the Act.

(b) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when the Registration Statement has become effective and when any post-effective amendment to it becomes effective, (ii) of the receipt of comments from the Commission relating to the Registration Statement, (iii) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (v) of the happening of any event during the period referred to in paragraph (e) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time.

(c) To furnish to you, without charge, five signed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits, and to furnish to you and each Underwriter designated by you such number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits, as you may reasonably request.

(d) Prior to the termination of the offering of Securities, not to (i) file any Rule 462(b) Registration Statement, (ii) file any amendment or supplement to the Registration Statement, (iii) file any document under the Exchange Act which shall be deemed to be incorporated by reference into the Prospectus, or (iv) make any amendment or supplement to the Prospectus (including the issuance or filing of any Term Sheet) of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any Rule 462(b) Registration Statement, Term Sheet or amendment or supplement to the Registration Statement or the Prospectus which may be necessary or advisable in connection with the distribution of the Securities by you, and to use its best efforts to cause the same to become promptly effective.

(e) From time to time for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish to each Underwriter and dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as such Underwriter or dealer may reasonably request.

(f) If during the period specified in paragraph (e) any event shall occur as a result of which, in the opinion of counsel for the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in

the Prospectus, as so amended or supplemented, will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request.

(g) Prior to any public offering of the Securities, to cooperate with you and counsel for the Underwriters in connection with the registration or qualification of the Securities for offer and sale by the several Underwriters and by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Securities and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification.

(h) To mail and make generally available to its securityholders as soon as reasonably practicable an earnings statement covering a period of at least twelve months after the Closing Date (but in no event commencing later than 90 days after such date) which shall satisfy the provisions of Section 11(a) of the Act.

(i) During the period of five years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of its Securities a financial report of the Company and its subsidiaries on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(j) During the period referred to in paragraph (i), to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the securityholders of the Company or filed with the Commission and such other publicly available information concerning the Company and its subsidiaries as you may reasonably request.

(k) To pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Act of the Registration Statement (including financial statements and exhibits), each preliminary prospectus relating to the Securities and all amendments and supplements to any of them prior to or during the period specified in paragraph (e), (ii) the printing and delivery of the Prospectus and all amendments or supplements to it during the period specified in paragraph (e), (iii) the printing and delivery of this Agreement and the Senior Indenture, (iv) the registration or qualification of the Securities for offer and sale under the securities or Blue Sky laws of the several states (including in each case the fees and disbursements of counsel for the Underwriters relating to such registration or qualification and memoranda relating thereto), (v) the rating of the Securities by securities rating agencies or services, and (vi) furnishing such copies of the Registration Statement, the Prospectus and all amendments and supplements thereto as may be

requested for use in connection with the offering or sale of the Securities by the Underwriters or by dealers to whom Securities may be sold.

(l) To use its best efforts to maintain the listing of the Company's common stock, par value \$0.01 per share (the "Common Stock") on the New York Stock Exchange for a period of five years after the effective date of the Registration Statement.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Securities.

(n) To use the net proceeds received by it from the sale of Securities in the manner specified in the Prospectus under "Use of Proceeds."

(o) During the period beginning on the date hereof and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company (other than (i) the Securities or the Company's 7% Senior Notes due 2028 which are being offered concurrently pursuant to a separate Prospectus Supplement and (ii) commercial paper issued in the ordinary course of business), without your prior written consent.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to each Underwriter that:

(a) The Company meets the requirements for use of Form S-3; the Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or have been threatened by the Commission.

(b) At the time the Registration Statement, any Rule 462(b) Registration Statement or any post-effective amendment to the Registration Statement became or becomes effective, on the date that any amendment or supplement to the Prospectus is filed with the Commission, and at the Closing Date, (i) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iii) the Prospectus did not and does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph (b) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) Any term sheet or prospectus subject to completion provided by the Company to the Underwriters for use in connection with the offering and sale of the Securities pursuant to Rule 434 under the Act together are not materially different from the prospectus included in the

Registration Statement (exclusive of any information deemed a part thereof by virtue of Rule 434(d)). The documents incorporated or deemed to be incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 under the Act, at the time they were, or hereafter are, filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act, and, when read together with other information in the Prospectus, at the time the Registration Statement became effective and as of the Closing Date, and during the period specified in Section 5(e), did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, and each Rule 462(b) Registration Statement, if any, complied when so filed in all material respects with the Act; and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Annex I is an accurate and complete list of all subsidiaries of the Company (the "Material Subsidiaries") which accounted for more than \$21.5 million of revenues during the three months ended March 31, 1998 or which, as of March 31, 1998, had assets in excess of \$151.8 million. The Company and each of its subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as it is currently being conducted and to own, lease and operate its properties, and each is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(f) All of the outstanding shares of capital stock of, or other ownership interests in, each of the Company's subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (other than liens created under the Credit Facility (as defined in the Registration Statement)).

(g) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights. Upon payment of the Purchase Price and delivery of certificates representing the Securities, each of the Underwriters will receive the Securities free and clear of all liens, security interests or encumbrances.

(h) The Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Senior Indenture and delivered to the Underwriters against payment therefor as provided by this Agreement, will be entitled to the benefits of the Senior Indenture, and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited to equitable principles of general applicability.

(i) Each of this Agreement and the Remarketing Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms (except as enforcement of rights to indemnity and contribution may be limited by applicable laws or principles of public policy and subject to the qualifications that the enforceability of the Company's obligations may be limited by bankruptcy, insolvency, reorganization, or other laws relating to or affecting creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law).

(j) The Senior Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended, and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(k) The Securities conform as to legal matters to the description thereof contained in the Prospectus.

(l) Neither the Company nor any of its subsidiaries is in violation of its respective charter or by-laws or in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective properties are bound.

(m) The execution, delivery and performance of this Agreement, the Remarketing Agreement, the Senior Indenture and the Securities and compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or order of any court, regulatory body, administrative agency or other governmental body (except such as may be required under the securities or Blue Sky laws of the various states or jurisdictions outside the United States) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of its subsidiaries or any agreement, indenture or other instrument to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective properties are bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company, any of its subsidiaries or their respective properties.

(n) Except as otherwise set forth in the Prospectus, there are no material legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any of their respective properties are the subject, and, to the Company's knowledge, no such proceedings are threatened or contemplated. No material development has occurred with respect to the legal proceedings described in the Registration Statement. No contract or document of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement is not so described or filed as required.

(o) Neither the Company nor any of its subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

(p) The Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business as currently being conducted and as the Company expects it to be conducted except where the failure to have such permits would not have a material adverse effect on the Company and its subsidiaries, taken as a whole; the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries.

(q) In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, except to the extent properly accrued for in the Company's financial statements, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(r) Except as otherwise set forth in the Prospectus or such as are not material to the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, the Company and each of its subsidiaries has good and marketable title, free and clear of all liens, claims, encumbrances and restrictions, except liens for taxes not yet due and payable, to all property and assets described in the Registration Statement as being owned by it. All leases to which the Company or any of its subsidiaries is a party are valid and binding and no default has occurred or is continuing thereunder that might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, and the Company and its subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or such subsidiary.

(s) The Company and each of its subsidiaries maintains insurance as is customary in the industry.

(t) PricewaterhouseCoopers LLP are independent public accountants with respect to the Company and Arthur Andersen LLP are independent public accountants with respect to Waste Management, Inc. ("Waste Management") as required by the Act.

(u) The financial statements, together with related schedules and notes, forming part of the Registration Statement and the Prospectus (and any amendment or supplement thereto), present fairly the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries and Waste Management on the basis stated in the Registration Statement at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company and its subsidiaries and Waste Management. No other financial statements or schedules are required by the Act or the Exchange Act to be included in the Registration Statement or the Prospectus.

(v) The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(w) No holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company because of the filing of the Registration Statement, which has not been waived.

(x) There are no outstanding subscriptions, rights, warrants, options, calls, convertible securities, commitments of sale or liens related to or entitling any person to purchase or otherwise to acquire any shares of the capital stock of, or other ownership interest in, the Company or any subsidiary thereof except as otherwise disclosed in the Registration Statement or Prospectus.

(y) Except as disclosed in the Prospectus, there are no business relationships or related party transactions required to be disclosed therein by Item 404 of Regulation S-K of the Commission.

(z) There is (i) no significant unfair labor practice complaint pending against the Company or any of its subsidiaries or, to the knowledge of the Company, threatened against any of them, before the National Labor Relations Board or any state or local labor relations board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Company or any of its subsidiaries or, to the Company's knowledge, threatened against any of them, and (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Company or any of its subsidiaries or, to the Company's knowledge, threatened against it or any of its subsidiaries except for such actions specified in clause (i) or (ii) above, which, singly or in the aggregate could not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(aa) The Company and each of its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary

to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(bb) All material tax returns required to be filed by the Company and each of its subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or any of its subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

(cc) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus and prior to the Closing Date, (i) there has not been and will not have been, except as set forth in or as contemplated by the Registration Statement and the Prospectus any change in the capitalization, long term or short term debt or in the capital stock or equity of the Company or any of its subsidiaries, (ii) neither the Company nor any of its subsidiaries has incurred any material liabilities or obligations, direct or contingent, nor has it entered into any material transactions other than pursuant to this Agreement, and the transactions referred to herein, or as contemplated in the Prospectus, and (iii) there has not been any material adverse effect, or any development involving a prospective material adverse effect, in or affecting the general affairs, management, financial position, shareholders' equity (or, with respect to partnership subsidiaries, partnership capital), net worth or results of operations of the Company and its subsidiaries, taken as a whole.

(dd) The Company and its affiliates have not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, the Company has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Securities.

Any certificate or other document signed by any officer or authorized representative of the Company and delivered to the Underwriters or to counsel for the Underwriters shall be deemed a representation and warranty of the Company to each Underwriter as to the matters covered thereby.

#### 7. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each an "Underwriter Indemnified Party" and collectively the "Underwriter Indemnified Parties"), from and against any and all losses, claims, damages, liabilities and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as

such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished in writing to the Company by or on behalf of any Underwriter through you expressly for use therein.

(b) The indemnity agreement contained in paragraph 7(a), with respect to any preliminary prospectus, shall not inure to the benefit of any Underwriter to the extent that any loss, claim, damage or liability results from the fact that a copy of the Prospectus (not including documents incorporated by reference therein) was not sent or given by or on behalf of such Underwriter to the person asserting any such loss, claim, damage or liability to the extent that the Prospectus would have cured the defect giving rise to such loss, claim, damage, liability or judgment if such Underwriter shall have been provided with the number of copies of the Prospectus requested by such Underwriter and it is judicially determined that such delivery was required under the Act and was not so made.

(c) In case any action shall be brought against any Underwriter Indemnified Party, based upon any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto and with respect to which indemnity may be sought against the Company, such Underwriter Indemnified Party shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Underwriter Indemnified Party and payment of all fees and expenses. Any Underwriter Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter Indemnified Party unless (i) the employment of such counsel has been specifically authorized in writing by the Company, (ii) the Company shall have failed to assume the defense and employ counsel reasonably satisfactory to such Underwriter Indemnified Party, or (iii) the named parties to any such action (including any impleaded parties) include both such Underwriter Indemnified Party and the Company and such Underwriter Indemnified Party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company (in which case the Company shall not have the right to assume the defense of such action on behalf of such Underwriter Indemnified Party, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all such Underwriter Indemnified Parties, which firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation and that all such fees and expenses shall be reimbursed as they are incurred). The Company shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Company, the Company agrees to indemnify and hold harmless any Underwriter Indemnified Party from and against any loss or liability by reason of such settlement. Notwithstanding the immediately preceding sentence, if in any case where the fees and expenses of counsel are at the expense of the Company and an Underwriter Indemnified Party shall have requested the Company to reimburse the Underwriter Indemnified Party for such fees and expenses of counsel as incurred, the Company agrees that it shall be liable for any settlement of any action effected without its written consent if (i) such settlement is entered into more than forty business days after the receipt by the Company of the aforesaid request and (ii) the Company shall have failed to reimburse the Underwriter Indemnified Party in accordance with such request for reimbursement prior to the date of such

settlement. The Company shall not, without the prior written consent of the Underwriter Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Underwriter Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Underwriter Indemnified Party, unless such settlement includes an unconditional release of such Underwriter Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(d) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, and any person controlling the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each a "Company Indemnified Party," collectively the "Company Indemnified Parties" and together with the Underwriter Indemnified Parties, an "Indemnified Party" or the "Indemnified Parties"), to the same extent as the foregoing indemnity from the Company to each Underwriter Indemnified Party but only with reference to information relating to such Underwriter furnished in writing by or on behalf of such Underwriter through you expressly for use in the Registration Statement, the Prospectus or any preliminary prospectus. In case any action shall be brought against a Company Indemnified Party based on the Registration Statement, the Prospectus or any preliminary prospectus and in respect of which indemnity may be sought against any Underwriter, the Underwriter shall have the rights and duties given to the Company (except that if the Company shall have assumed the defense thereof, such Underwriter shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such Underwriter), and the Company Indemnified Party shall have the rights and duties given to the Underwriter, by Section 7(c) hereof.

(e) If the indemnification provided for in this Section 7 is unavailable to an Indemnified Party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company, and the total underwriting discounts and commissions received by the Underwriters, bear to the total price to the public of the Securities, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7(e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation

which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 7(e) are several in proportion to the respective principal amount of Securities purchased by each of the Underwriters hereunder and not joint.

(f) The Company hereby designates CT Corporation Systems, Inc., 1633 Broadway, New York, New York 10019, (a Delaware corporation) as its authorized agent, upon which process may be served in any action, suit or proceeding which may be instituted in any state or federal court in the State of New York by any Underwriter or person controlling an Underwriter asserting a claim for indemnification or contribution under or pursuant to this Section 7, and the Company will accept the jurisdiction of such court in such action, and waives, to the fullest extent permitted by applicable law, any defense based upon lack of personal jurisdiction or venue. A copy of any such process shall be sent or given to the Company, at the address for notices specified in Section 10 hereof.

8. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The several obligations of the Underwriters under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company contained in this Agreement shall be true and correct on the date hereof and on the Closing Date with the same force and effect as if made on and as of such dates.

(b) The Registration Statement shall have become effective not later than 5:00 P.M., (and in the case of a Registration Statement filed under 462(b) of the Act, not later than 10:00 P.M.) New York City time, on the date of this Agreement or at such later date and time as you may approve in writing, and at the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been commenced or shall be pending before or contemplated by the Commission.

(c) (i) Since the date of the latest balance sheet included in the Registration Statement and the Prospectus, there shall not have been any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, affairs or business prospects, whether or not arising in the ordinary course of business, of the Company, (ii) since the date of the latest balance sheet included in the Registration Statement and the Prospectus there shall not have been any change, or any development involving a prospective material adverse change, in the capital stock or in the long-term debt of the Company from that set forth in the Registration Statement and Prospectus, (iii) the Company and its

subsidiaries shall have no liability or obligation, direct or contingent, which is material to the Company and its subsidiaries, taken as a whole, other than those reflected in the Registration Statement and the Prospectus and (iv) on the Closing Date you shall have received a certificate dated the Closing Date, signed by Earl E. DeFrates and Ronald H. Jones, in their respective capacities as Chief Financial Officer and Treasurer of the Company, confirming the matters set forth in paragraphs (a), (b), and (c) of this Section 8.

(d) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date of Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P., counsel for the Company, to the effect that:

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

(ii) the Securities have been duly authorized, and when executed and authenticated in accordance with the provisions of the Senior Indenture and delivered to the Underwriters against payment therefor as provided by this Agreement, will be entitled to the benefits of the Senior Indenture and will be valid and binding obligations of the Company enforceable in accordance with their terms except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(iii) each of this Agreement and the Remarketing Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms (except as enforcement of rights to indemnity and contribution may be limited under applicable laws or principles of public policy and subject to the qualifications that the enforceability of the Company's obligations may be limited by bankruptcy, insolvency, reorganization, or other laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law));

(iv) the Senior Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended, and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(v) the Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the knowledge of such counsel, pending before or contemplated by the Commission;

(vi) the statements under the captions "Description of Notes" and "Description of Debt Securities" in the Prospectus and Item 15 of Part II of the Registration Statement,

insofar as such statements constitute a summary of legal matters or documents referred to therein, fairly present the information called for with respect to such legal matters or documents;

(vii) the execution, delivery and performance of this Agreement, the Remarketing Agreement, the Senior Indenture and the Securities by the Company, compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except such as may be required under the Act or other securities or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company;

(viii) the Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended;

(ix) the Registration Statement, the Prospectus, any supplement or amendment thereto and each document filed pursuant to the Exchange Act and incorporated or deemed to be incorporated by reference in the Prospectus (except for financial statements, financial and statistical information contained therein as to which no opinion need be expressed) comply as to form in all material respects with the Act;

(e) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Gregory T. Sangalis, General Counsel to the Company, to the effect that:

(i) each of the Company's Material Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

(ii) the Company and each of its Material Subsidiaries is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries, taken as a whole;

(iii) all of the outstanding shares of capital stock of, or other ownership interests in, each of the Company's subsidiaries have been duly and validly authorized and issued and are fully paid and non-assessable, and are owned by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (other than liens created under the Credit Facility);

(iv) all of the outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any statutory preemptive rights or, to the knowledge of such counsel, any other similar rights;

(v) neither the Company nor any of its Material Subsidiaries is in violation of its respective charter or by-laws and, to the best of such counsel's knowledge after due inquiry, neither the Company nor any of its Material Subsidiaries is in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and its subsidiaries, taken as a whole, to which the Company or any of its Material Subsidiaries is a party or by which it or any of its subsidiaries or their respective properties are bound;

(vi) the execution, delivery and performance of this Agreement, the Remarketing Agreement the Senior Indenture and the Securities by the Company, compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of any of the Company's Material Subsidiaries or any agreement, indenture or other instrument to which the Company or any of its Material Subsidiaries is a party or by which the Company or any of its Material Subsidiaries or their respective properties are bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company or any of its subsidiaries or their respective properties;

(vii) to such counsel's knowledge there are no legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries is a party or to which any of their respective properties are subject which is required to be described in the Registration Statement or the Prospectus and is not so described, or of any contract or other document which is required to be described in the Registration Statement or the Prospectus or is required to be filed as an exhibit to the Registration Statement which is not described or filed as required; such counsel does not have any reason to believe that the description of litigation in the Prospectus is not accurate and complete in all material respects;

(viii) to such counsel's knowledge, except as described in the Prospectus, neither the Company nor any of its subsidiaries has violated any Environmental Laws, nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries, taken as a whole;

(ix) to such counsel's knowledge, the Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus except where the failure to have such permits would not have a material adverse effect on the Company and its subsidiaries taken as a whole; to such counsel's knowledge, the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow,

revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries;

(x) to such counsel's knowledge, no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company as a result of filing the Registration Statement, which have not been waived;

(xi) such counsel believes that (except for financial statements, financial and statistical information contained therein, as aforesaid and except for that part of the Registration Statement that constitutes the Form T-1) the Registration Statement and the prospectus included therein at the time the Registration Statement became effective (including the documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus, as amended or supplemented, if applicable (except for financial statements, and financial and statistical information, as aforesaid) did not, as of its date, and does not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) all descriptions in the Prospectus of statutes, regulations or legal or governmental proceedings in all material respects are accurate and fairly present the information required to be shown;

The opinion of Liddell, Sapp, Zivley, Hill & LaBoon, L. L.P. referred to in subsection (d) above shall contain a statement that such counsel believes that (except for financial statements and financial and statistical information contained therein, as aforesaid and except for that part of the Registration Statement that constitutes the Form T-1), the Registration Statement and the prospectus included therein at the time the Registration Statement became effective (including the documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus, as amended or supplemented, if applicable (except for financial statements and financial and statistical information, as aforesaid) did not, as of its date, and does not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. In making such statement, Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P. may state that its opinions and beliefs are based upon its participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification except as specified.

In giving the opinions described in clause (d) and (e) above, such counsel may rely as to factual matters on information set forth in certificates of the Company or public officials.

The opinions of Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P. and Gregory T. Sangalis described in paragraphs (d) and (e) above shall be rendered to you at the request of the Company and shall so state therein.

(f) You shall have received on the Closing Date an opinion, dated the Closing Date, of McDermott, Will & Emery, counsel for the Underwriters, in form and substance satisfactory to you.

(g) You shall have received letters on and as of the Closing Date, in form and substance satisfactory to you, from PricewaterhouseCoopers LLP and Arthur Andersen LLP, independent public accountants to the Company and Waste Management, respectively, with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus; the letters to be delivered on the Closing Date being substantially in the form and substance of the letters delivered to you by PricewaterhouseCoopers LLP and Arthur Andersen LLP, respectively, on the date of this Agreement.

(h) The Company shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company at or prior to the Closing Date.

(i) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have been any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating or outlook accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Act.

9. EFFECTIVE DATE OF AGREEMENT AND TERMINATION. This Agreement shall become effective upon the later of (i) execution of this Agreement and (ii) when notification of the effectiveness of the Registration Statement has been released by the Commission.

This Agreement may be terminated at any time prior to the Closing Date by you by written notice to the Company if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any adverse change or development involving a prospective adverse change in the condition, financial or otherwise, of the Company or any of its subsidiaries or the earnings, affairs, or business prospects of the Company or any of its subsidiaries, whether or not arising in the ordinary course of business, which would, in your judgment, make it impracticable to market the Securities on the terms and in the manner contemplated in the Prospectus, (ii) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in your judgment, is material and adverse and would, in your judgment, make it impracticable to market the Securities on the terms and in the manner contemplated in the Prospectus, (iii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market System or limitation on prices for securities on any such exchange or National Market System, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects, or will materially and adversely affect, the business or operations of the Company or any Subsidiary, (v) the declaration of a banking moratorium by either federal or New York State authorities,

(vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your opinion has a material adverse effect on the financial markets in the United States or (vii) the suspension or material limitation of trading in the Company's securities on the New York Stock Exchange or limitation on prices for the Company's securities on such exchange.

If on the Closing Date any one or more of the Underwriters shall fail or refuse to purchase the Securities which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of Securities which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the total principal amount of the Securities to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the principal amount of Securities set forth opposite its name in Schedule I bears to the total principal amount of Securities which all the non-defaulting Underwriters, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Securities which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase on such date; provided that in no event shall the principal amount of Securities which any Underwriter has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 9 by an amount in excess of one-ninth of such principal amount of Securities, without the written consent of such Underwriter. If on the Closing Date any Underwriter or Underwriters shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased on such date by all Underwriters and arrangements satisfactory to you and the Company for purchase of such Securities are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the Company. In any such case which does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

10. MISCELLANEOUS. Notices given pursuant to any provision of this Agreement shall be addressed as follows: (a) if to the Company, to USA Waste Services, Inc., 1001 Fannin Street, Suite 4000, Houston, Texas 77002 and (b) if to any Underwriter or to you, to you c/o Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Corporate Bond Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Company, its officers and directors and of the several Underwriters set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Securities, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or by or on behalf of the Company, the officers or directors of the Company or any controlling person of the Company, (ii) acceptance of the Securities and payment for them hereunder and (iii) termination of this Agreement.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, the Company agrees to reimburse the several Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them.

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, the Underwriters, any controlling persons referred to herein and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Securities from any of the several Underwriters merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

[The next page is the signature page.]

Please confirm that the foregoing correctly sets forth the agreement between the Company and the several Underwriters.

Very truly yours,

USA WASTE SERVICES, INC.

By: /s/ Ronald H. Jones

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Ronald H. Jones  
Vice President and Treasurer

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
J.P. MORGAN SECURITIES INC.  
BANCAMERICA ROBERTSON STEPHENS  
CHASE SECURITIES INC.  
DEUTSCHE BANK SECURITIES

By: DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By: /s/ Mark A. Pytosh

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SCHEDULE I

UNDERWRITERS -----	PRINCIPAL AMOUNT OF SECURITIES TO BE PURCHASED -----
Donaldson, Lufkin & Jenrette Securities Corporation	\$ 120,000,000
J.P. Morgan Securities Inc.	120,000,000
BancAmerica Robertson Stephens	120,000,000
Chase Securities Inc.	120,000,000
Deutsche Bank Securities.	120,000,000
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TOTAL	\$ 600,000,000

ANNEX I

MATERIAL SUBSIDIARIES

NO.	SUBSIDIARY	STATE OF INCORPORATION
1	Chambers Development Company, Inc.	Delaware
2	United Waste Systems, Inc.	Delaware
3	Envirofil, Inc.	Delaware
4	Sanifill, Inc.	Delaware
5	Western Waste Services, Inc.	California
6	Canadian Waste Services, Inc.	Ontario, Canada
7	Quebec Waste Services, Inc.	Quebec, Canada

REMARKETING AGREEMENT

BETWEEN

WASTE MANAGEMENT, INC.  
(formerly known as USA Waste Services, Inc.)

AND

J.P. MORGAN SECURITIES INC.,  
as Remarketing Dealer

TABLE OF CONTENTS

	Page
	----
Section 1.	Definitions . . . . . 2
Section 2.	Representations and Warranties. . . . . 5
Section 3.	Covenants of the Company. . . . . 6
Section 4.	Appointment and Obligations of the Remarketing Dealer . . . . 9
Section 5.	Fees and Expenses . . . . .11
Section 6.	Resignation of the Remarketing Dealer . . . . .11
Section 7.	Dealing in the Notes; Purchase of Notes by the Company. . . .12
Section 8.	Conditions to Remarketing Dealer's Obligations . . . . .12
Section 9.	Indemnification . . . . .15
Section 10.	Termination of Agreement. . . . .18
Section 11.	Remarketing Dealer's Performance; Duty of Care. . . . .19
Section 12.	Governing Law . . . . .19
Section 13.	Term of Agreement . . . . .19
Section 14.	Successors and Assigns. . . . .20
Section 15.	Headings. . . . .20
Section 16.	Severability. . . . .20
Section 17.	Counterparts. . . . .20
Section 18.	Amendments; Waivers . . . . .20
Section 19.	Notices . . . . .20

REMARKETING AGREEMENT

REMARKETING AGREEMENT dated as of July 17, 1998 (the "AGREEMENT") between Waste Management, Inc. (formerly known as USA Waste Services, Inc.), a Delaware corporation (the "COMPANY"), and J.P. Morgan Securities Inc. ("JPMSI") and, in its capacity as the remarketing dealer hereunder, the "REMARKETING DEALER").

WHEREAS, the Company has issued \$600,000,000 aggregate principal amount of its 6 1/8% Mandatorily Tendered Notes (the "NOTES") due July 15, 2011 (the "STATED MATURITY DATE") pursuant to an Indenture dated as of September 10, 1997, as supplemented (the "INDENTURE"), between the Company and Chase Bank of Texas, National Association, as trustee (the "TRUSTEE"); and

WHEREAS, the Notes are being sold initially pursuant to an Underwriting Agreement dated as of July 14, 1998 (the "UNDERWRITING AGREEMENT") between the Company and Donaldson, Lufkin & Jenrette Securities Corporation, JPMSI and others, as Underwriters; and

WHEREAS, the Company has filed with the Securities and Exchange Commission (the "COMMISSION") a registration statement (No. 333-52197) under the Securities Act of 1933, as amended (the "SECURITIES ACT"), in connection with the offering of debt securities, including the Notes, which registration statement was declared effective by order of the Commission, and has filed such amendments thereto and such amended or supplemented prospectuses as may have been required to the date hereof, and will file such additional amendments and supplements thereto and such additional amended or supplemented prospectuses as may hereafter be required (such registration statement, including any amendments and supplements thereto, and all documents incorporated therein by reference, as from time to time amended or supplemented pursuant to the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), the Securities Act, or otherwise, are referred to herein as the "REGISTRATION STATEMENT"); all preliminary and final prospectuses relating to such Registration Statement used in connection with the offering of Notes, including the documents incorporated by reference therein, are referred to herein collectively as the "PROSPECTUS"; PROVIDED that, if any new or revised prospectus shall be provided to the Remarketing Dealer by the Company for use in connection with any remarketing of the Notes which differs from the Prospectus filed with the Commission at the time of the initial issuance of the Notes (whether or not such new or revised prospectus is required to be filed by the Company pursuant to Rule 424(b) under the Securities Act), the term "PROSPECTUS" shall refer to such new or revised prospectus from and after the time it is first provided to the Remarketing Dealer for such use, and the term "REGISTRATION STATEMENT" shall refer to the Registration Statement as deemed amended by the prospectus so provided or any new registration statement of which such prospectus is a part; and

WHEREAS, JPMSI is prepared to act as the Remarketing Dealer with respect to the remarketing of the Notes on July 15, 2001 (the "REMARKETING DATE") pursuant to the terms of, but subject to the conditions set forth in, this Agreement;

NOW, THEREFORE, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

(a) The following terms have the following meanings:

"BASE RATE" means 5.585% per annum.

"BUSINESS DAY" means any day other than a Saturday or Sunday or other day on which banking institutions in the City of New York are authorized or obligated by law, executive order or governmental decree to be closed.

"CALL PRICE" means the fair market value of the embedded interest rate option implicit in the Remarketing Dealer's right to purchase at par and remarket on the Remarketing Date, pursuant to this Agreement, of any Notes not purchased (due to the prior termination of this Agreement or otherwise) by the Remarketing Dealer on the Remarketing Date (such principal amount of Notes, the "UNPURCHASED NOTES"). This amount shall equal:

(i) if the Remarketing Dealer's request for the Call Price payment is made before the Determination Date, the Commercially Reasonable Option Value on the date of such request;

(ii) if the Remarketing Dealer's request for the Call Price payment is made on or after the Determination Date, the amount, if positive, equal to: (x) the Dollar Price less the Original Amount of Notes, multiplied by (y) a fraction, the numerator of which is the Unpurchased Notes and the denominator of which is the Original Amount of Notes.

"COMMERCIALLY REASONABLE OPTION VALUE" means, on any date, the amount determined by the Remarketing Dealer on such date under Section 6(e) of the Master Agreement on a "Market Quotation" basis in respect of the embedded interest rate option implicit in the Remarketing Dealer's option to purchase at par the Unpurchased Notes on the Remarketing Date, as if a "Termination Event" had occurred on such specified date under such interest rate option with respect to the Company under the Master Agreement and the Company was the "Affected Party". The determination of the Commercially Reasonable Option Value shall be made using the provisions of the Master Agreement regardless of any termination of the Master Agreement.

"COMPARABLE TREASURY ISSUE" means the United States Treasury security selected by the Remarketing Dealer as having an actual maturity on the Determination Date (or the United States Treasury securities selected by the Remarketing Dealer to derive an interpolated yield to maturity on such Determination Date) comparable to the remaining term of the Notes.

"COMPARABLE TREASURY PRICE" means (a) the offer price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) on the Determination Date, as set forth on Telerate Page 500 (as defined below), adjusted to reflect settlement on the Remarketing Date, if

prices quoted on Telerate Page 500 are for settlement on any date other than the Remarketing Date, or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Business Day, (i) the average of five Reference Treasury Dealer Quotations (as defined below) for the Remarketing Date, excluding the highest and lowest of such Reference Treasury Dealer Quotations (unless there is more than one highest or lowest quotation, in which case only one such highest and/or lowest quotation shall be excluded), or (ii) if the Remarketing Dealer obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. The Remarketing Dealer shall have the discretion to select the time at which the Comparable Treasury Price is determined on the Determination Date.

"DOLLAR PRICE" means the discounted present value to the Remarketing Date of the cash flows on a bond

(i) with a principal amount equal to the aggregate principal amount of the Notes,

(ii) maturing on the Stated Maturity Date, and

(iii) bearing interest at a rate equal to the Base Rate,

using a discount rate equal to the Treasury Rate (defined below), payable semi-annually (assuming a 360-day year consisting of twelve 30-day months) on the interest payment dates of the Notes from and including the Remarketing Date to but excluding the Stated Maturity Date.

"MASTER AGREEMENT" means the ISDA Master Agreement dated as of June 30, 1995 between the Company and JPMSI, as amended.

"ORIGINAL AMOUNT OF NOTES" means the principal amount of the Notes issued by the Company on the date hereof.

"REFERENCE CORPORATE DEALER" means JPMSI; Donaldson, Lufkin & Jenrette Securities Corporation; BancAmerica Robertson Stephens; Chase Securities, Inc.; and Deutsche Bank Securities. If any of such persons shall cease to be a leading dealer of publicly-traded debt securities of the Company, then the Remarketing Dealer may replace, with the approval of the Company (not to be unreasonably withheld), such person with any other leading dealer of publicly-traded debt securities of the Company.

"REFERENCE TREASURY DEALER" means a primary U.S. Government securities dealer in The City of New York (which may include the Remarketing Dealer) selected by the Remarketing Dealer.

"REFERENCE TREASURY DEALER QUOTATIONS" means, with respect to each Reference Treasury Dealer, the offer price(s) for the Comparable Treasury Issue (expressed as a percentage of its principal amount) for settlement on the Remarketing Date, quoted in writing to the Remarketing Dealer by such Reference Treasury Dealer by 3:30 p.m., New York City time, on the Determination Date.

"STATED MATURITY DATE" means July 15, 2011.

"TELERATE PAGE 500" means the display designated as "Telerate Page 500" on Dow Jones Markets Limited (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in clause (a) of the definition of Comparable Treasury Price as may replace Dow Jones Markets Limited.

"TREASURY RATE" means the annual rate equal to the semi-annual equivalent yield to maturity or interpolated (on a 30/360 day count basis) yield to maturity on the Determination Date of the Comparable Treasury Issue (defined above) for value on the Remarketing Date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined above).

(b) The following additional terms are defined in the following Sections:

Defined Term - - - - -	Section - - - - -
Commission	Preamble
Company	Preamble
Determination Date	4(d)
Notes	Preamble
DTC	4(e)
Exchange Act	Preamble
Exchange Act Documents	2(b)
Indemnified Person	9(c)
Indemnifying Person	9(c)
Indenture	Preamble
Interest Rate to Maturity	4(d)
Investment Grade	8(c)
JPMSI	Preamble
Moody's	8(c)
Notification Date	4(c)
Prospectus	Preamble
Rating Agency	8(c)
Registration Statement	Preamble
Remarketing Date	Preamble
Remarketing Dealer	Preamble
Remarketing Materials	3(b)
Representation Date	2(b)
S&P	8(c)
Securities Act	Preamble
Trustee	Preamble
Underwriting Agreement	Preamble

(c) ADDITIONAL CERTIFICATIONS. Any certificate signed by any director or officer of the Company and delivered to the Remarketing Dealer or to counsel for the Remarketing Dealer in connection with the remarketing of the Notes shall be deemed a representation and warranty by the Company to the Remarketing Dealer as to the matters covered thereby.

SECTION 2. REPRESENTATIONS AND WARRANTIES. (a) The Company represents and warrants to the Remarketing Dealer as of the date hereof, the Notification Date (as defined below), the Determination Date (as defined below) and the Remarketing Date (each of the foregoing dates being hereinafter referred to as a "REPRESENTATION DATE"), as follows:

(i) It has filed all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (collectively, the "EXCHANGE ACT DOCUMENTS").

(ii) The applicable Remarketing Materials (as defined below) will not, as of their date or the Remarketing Date, include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) The representations and warranties contained in the Underwriting Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of each Representation Date; PROVIDED that, for purposes of this Agreement, representations and warranties in the Underwriting Agreement shall be deemed modified by the Exchange Act Documents, as well as any new or revised registration statement and new or revised prospectus required by subsection 3(f) hereof, and the date as of which such representations and warranties are made shall include each Representation Date.

(iv) Since the respective dates as of which information is given in the Remarketing Materials or the Exchange Act Documents, there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Remarketing Materials or the Exchange Act Documents. Except as set forth or contemplated in the Remarketing Materials or the Exchange Act Documents, neither the Company nor any of its subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) material to the Company and its subsidiaries, taken as a whole.

(v) This Agreement has been duly authorized, executed and delivered by the Company.

(vi) The issue and sale of the Notes and the performance by the Company of all of its obligations under the Notes, the Indenture and this Agreement and the consummation

of the transactions herein and therein contemplated will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the Certificate of Incorporation or the By-Laws of the Company or (iii) result in a violation of any applicable law or statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, its subsidiaries or any of their respective properties, except in the case of clause (i) or (iii) above where such breach or violation (other than a violation of federal or state securities laws) will not result in a material adverse change in the general affairs, business, prospects, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole. No consent, approval, authorization, order, license, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Notes or the consummation by the Company of the transactions contemplated by this Agreement or the Indenture, except such as have already been obtained and except as may be required under the blue sky laws of any jurisdiction.

(vii) The Notes conform in all material respects to the description thereof contained in the Prospectus.

SECTION 3. COVENANTS OF THE COMPANY. The Company covenants with the Remarketing Dealer as follows:

(a) The Company will provide prompt notice by telephone, confirmed in writing (which may include facsimile or other electronic transmission), to the Remarketing Dealer of the occurrence:

(i) at any time of any event set forth in clause (i), (ii) or (iii) of subsection 8(c), or of any amendment to the Indenture (including the Notes); and

(ii) on or after the Notification Date, of any event set forth in clauses (i) or (ii) of subsection 8(d).

(b) The Company will furnish to the Remarketing Dealer upon request:

(i) each Registration Statement and the Prospectus relating to the Notes (including in each case any amendment or supplement thereto and each document incorporated therein by reference);

(ii) each Exchange Act Document filed after the date hereof; and

(iii) such other information relating to the Company and the Notes as the Remarketing Dealer may reasonably request from time to time for use in connection with the remarketing of the Notes.

The Company agrees to provide the Remarketing Dealer with as many copies of the foregoing written materials and information (collectively, the "REMARKETING MATERIALS," including in each case any document incorporated by reference therein) as the Remarketing Dealer may reasonably request for use in connection with the remarketing of Notes and consents to the use thereof for such purpose.

(c) If, at any time within three months of the Remarketing Date, any event or condition known to the Company relating to or affecting the Company, any subsidiary thereof or the Notes shall occur which could reasonably be expected to cause any of the Remarketing Materials to contain an untrue statement of a material fact or omit to state a material fact, the Company shall promptly notify the Remarketing Dealer in writing of the circumstances and details of such event or condition.

(d) So long as the Notes are outstanding, the Company will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and the rules and regulations thereunder.

(e) The Company will comply with the Securities Act, the Exchange Act, the Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT"), and the rules and regulations of the Commission thereunder so as to permit the completion of the remarketing of the Notes as contemplated in (i) this Agreement, (ii) the Prospectus first used to confirm sales of the Notes when the Notes were originally issued, and (iii) the prospectus, if any, used in connection with the Remarketing.

(f) If a new or amended Registration Statement in respect of the Notes is in the opinion of counsel for the Remarketing Dealer or for the Company necessary to sell Notes on an unrestricted basis on the Remarketing Date, then the Company, at its expense, will, on or before such Remarketing Date:

(i) prepare and file with the Commission such amended or new Registration Statement (including a Prospectus) covering such sale of Notes by the Remarketing Dealer, and cause such Registration Statement to become effective on or prior to such Remarketing Date;

(ii) furnish to the Remarketing Dealer such number of copies of such Prospectus as the Remarketing Dealer may reasonably request;

(iii) furnish to the Remarketing Dealer and any other securities dealer participating in the remarketing of the Notes, an officers' certificate, an opinion, including a statement as to the absence of material misstatements in or omissions from the Registration Statement and the Prospectus, of Liddell, Sapp, Zivley, Hill & LaBoon, L.L.P. or such other

counsel to the Company reasonably satisfactory to the Remarketing Dealer and a "comfort letter" from the Company's independent accountants, in each case dated as of such Remarketing Date and in form and substance satisfactory to the Remarketing Dealer, of the same tenor as the officers' certificate, opinion and comfort letter, respectively, delivered to satisfy the closing conditions of the Underwriting Agreement, but modified to relate to such new or amended Registration Statement and the Prospectus; and

(iv) provide to the Remarketing Dealer and any other securities dealer participating in the remarketing of the Notes the opportunity to conduct an underwriters' due diligence investigation of the Company in a scope customarily provided in connection with a public offering of the Company's debt securities.

Furthermore, if at any time when, in the opinion of counsel for the Remarketing Dealer, a prospectus is required by the Securities Act to be delivered in connection with sales of the Notes, any event shall occur or condition shall exist as a result of which it is necessary to amend the Registration Statement or amend or supplement the Prospectus in order that such Prospectus will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it is necessary to amend or supplement the Prospectus to comply with law, the Company, at its expense, will promptly furnish to the Remarketing Dealer such amendments or supplements to the Prospectus as may be needed so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law.

The Company agrees to reimburse the Remarketing Dealer for all of its reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with any remarketing under circumstances described in this subsection 3(f).

(g) The Company agrees that neither it nor any of its subsidiaries or affiliates shall purchase or otherwise acquire, or enter into any agreement to purchase or otherwise acquire, any of the Notes on or prior to the Remarketing, other than (i) a repurchase of the Notes in accordance with subsection 4(g) or (ii) a redemption of the Notes in accordance with subsection 4(h).

(h) The Company will comply with each of the covenants set forth in the Underwriting Agreement.

(i) In connection with the Remarketing, the Company will arrange for the qualification of the Notes for sale under the laws of such jurisdictions as the Remarketing Dealer may designate, and will maintain such qualifications in effect so long as required for the Remarketing; the Company will pay all expenses in connection with such qualification, including the fees and disbursements of counsel for any dealers participating in the Remarketing in connection with such qualification and in connection with blue sky and legal investment surveys.

(j) During the five Business Day period ending on the Remarketing Date, the Company will not, without the consent of the Remarketing Dealer, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities, except debt securities issued in connection with acquisitions by the Company or any of its subsidiaries.

#### SECTION 4. APPOINTMENT AND OBLIGATIONS OF THE REMARKETING DEALER.

(a) Unless this Agreement is otherwise terminated in accordance with Section 10 hereof, in accordance with the terms, but subject to the conditions, of this Agreement, the Company hereby appoints JPMSI, and JPMSI hereby accepts such appointment, as the exclusive Remarketing Dealer with respect to the Notes, subject further to (i) the obligation of the Company to repurchase the Notes in accordance with subsection 4(g) or (ii) the option of the Company to redeem the Notes in accordance with subsection 4(h) hereof.

(b) The obligations of the Remarketing Dealer hereunder to purchase the tendered Notes on the Remarketing Date, to determine the Interest Rate to Maturity pursuant to subsection 4(d) below and to remarket the Notes are conditioned on:

(i) the issuance and delivery of such Notes pursuant to the terms and conditions of the Underwriting Agreement;

(ii) the Remarketing Dealer's election on the Notification Date to purchase the Notes for remarketing on the Remarketing Date; and

(iii) satisfaction on the Remarketing Date of all the conditions set forth in Section 8 hereof, to the satisfaction of the Remarketing Dealer.

(c) On a Business Day not later than fifteen Business Days prior to the Remarketing Date (the "NOTIFICATION DATE"), the Remarketing Dealer will notify the Company and the Trustee as to whether it elects to purchase the Notes on the Remarketing Date. If, and only if, the Remarketing Dealer so elects, the Notes shall be subject to mandatory tender to the Remarketing Dealer for purchase and remarketing on the Remarketing Date, upon the terms and subject to the conditions described herein. The purchase price of the Notes shall be equal to 100% of the principal amount thereof.

(d) The Remarketing Dealer shall determine a new stated interest rate on the Notes as of the Remarketing Date (the "INTEREST RATE TO MATURITY") on the third Business Day immediately preceding the Remarketing Date (the "DETERMINATION DATE") by soliciting by 3:30 p.m., New York City time, the Reference Corporate Dealers for firm, committed bids to purchase all outstanding Notes at the Dollar Price and by selecting the lowest such firm, committed bid (regardless of whether each of the Reference Corporate Dealers actually submits a bid). Each bid shall be expressed in terms of the Interest Rate to Maturity that the Notes would bear (quoted as a spread over the Base Rate), based on the following assumptions:

(i) the Notes would be sold to such Reference Corporate Dealer on the Remarketing Date for settlement on the same day;

(ii) the Notes would mature on the Stated Maturity Date; and

(iii) the Notes would bear interest from and including the Remarketing Date to but excluding the Stated Maturity Date at a stated rate equal to the Interest Rate to Maturity bid by such Reference Corporate Dealer, payable semi-annually on the interest payment dates for the Notes.

The Interest Rate to Maturity announced by the Remarketing Dealer as a result of such process will be quoted to the nearest one hundred-thousandth (0.00001) of one percent per annum and, absent manifest error, will be binding and conclusive upon holders of the Notes, the Company and the Trustee. Subject only to subsection 4(e) below, the Remarketing Dealer shall have the discretion to select the time at which the Interest Rate to Maturity is determined on the Determination Date.

The Remarketing Dealer shall have the right in its sole discretion to either (i) remarket the Notes for its own account or (ii) sell the Notes to the Reference Corporate Dealer submitting the lowest firm, committed bid pursuant to this subsection 4(d). If two or more Reference Corporate Dealers submit equivalent bids which constitute the lowest firm, committed bid, the Remarketing Dealer may in its sole discretion elect to sell the Notes to any such Reference Corporate Dealer.

(e) If the Remarketing Dealer has elected to remarket the Notes as provided in subsections 4(c) and 4(d), then it shall notify the Company, the Trustee and The Depository Trust Company ("DTC") by telephone, confirmed in writing (which may include facsimile or other electronic transmission), by 5:00 p.m., New York City time, on the Determination Date of the Interest Rate to Maturity applicable to the Notes effective from and including the Remarketing Date.

(f) If the Notes are Remarketed as provided herein, then, subject to Section 8 hereof, the Remarketing Dealer will make, or cause the Trustee to make, payment to DTC by the close of business on the Remarketing Date against delivery through DTC of the Notes tendered in such Remarketing, of the purchase price for all of the tendered Notes. The purchase price of the tendered Notes will be equal to 100% of the principal amount thereof and shall be paid in immediately available funds.

(g) If the Remarketing Dealer (i) does not elect to purchase the Notes for Remarketing pursuant to subsection 4(c); (ii) shall not have received by the required time on the Determination Date any firm, committed bids to purchase all of the Notes pursuant to subsection 4(d); or (iii) for any reason does not purchase all of the Notes on the Remarketing Date, then the Company shall repurchase on the Remarketing Date any Notes that have not been purchased by the Remarketing Dealer at a price equal to 100% of the principal amount of such Notes plus all accrued interest, if any, on such Notes to (but excluding) the Remarketing Date. The Remarketing Dealer shall notify the Company promptly about the occurrence of circumstances set forth in clause (ii) or (iii) above.

(h) If the Remarketing Dealer has elected to remarket the Notes on the Remarketing Date in accordance with subsection 4(c) hereof, the Company may irrevocably elect to exercise its right to redeem the Notes, in whole but not in part, from the Remarketing Dealer on the Remarketing Date, by giving written notice of such election to the Remarketing Dealer no later than the later of

(i) the Business Day immediately prior to the Determination Date  
or

(ii) if fewer than three Reference Corporate Dealers submit firm, committed bids in accordance with subsection 4(d) hereof, immediately after the deadline set by the Remarketing Dealer for receiving such bids has passed;

and by paying the amount equal to the greater of (x) 100% of the aggregate principal amount of the Notes and (y) the Dollar Price with respect to such Notes.

In either such case, the Company shall pay such redemption price for the Notes in same-day funds by wire transfer on the Remarketing Date to an account designated by the Remarketing Dealer. For purposes of calculating the Dollar Price, the Remarketing Dealer shall be deemed to have made the request for the Dollar Price on the date the Company makes its election to redeem the Notes.

If the Company exercises its right to redeem the Notes pursuant to clause 4(h)(ii) above, it shall promptly reimburse the Remarketing Dealer for any and all expenses (including any and all hedge losses resulting from intra-day hedging associated with the determination of the Dollar Price on the Determination Date by the Remarketing Dealer) incurred by the Remarketing Dealer in connection with its having to break such associated intra-day hedging transactions to enable the Company to exercise such redemption right. If any such broken hedges result in a profit to the Remarketing Dealer, the Remarketing Dealer shall promptly pay such profit over to the Company. The amount of any hedge losses or profits shall be calculated by the Remarketing Dealer on a reasonable basis.

(i) In accordance with the terms and provisions of the Notes, the tender and settlement procedures set forth in this Section 4 shall be subject to modification without the consent of the holders of the Notes, to the extent required by DTC or, if the book-entry system is no longer available for the Notes at the time of the Remarketing, to the extent required to facilitate the tendering and remarketing of Notes in certificated form. In addition, the Remarketing Dealer may, without the consent of the holders of the Notes, modify the settlement procedures set forth in the Indenture and/or the Notes in order to facilitate the settlement process.

(j) In accordance with the terms and provisions of the Notes, the Company hereby (i) agrees that at all times, it will use its best efforts to maintain the Notes in book-entry form with DTC or any successor thereto and to appoint a successor depository to the extent necessary to maintain the Notes in book-entry form and (ii) waives any discretionary right it otherwise may have under the Indenture to cause the Notes to be issued in certificated form.

SECTION 5. FEES AND EXPENSES. Subject to subsection 3(f), the last paragraph of subsection 4(h) and Section 10 hereof, the Remarketing Dealer will not receive any fees or reimbursement of expenses from the Company for its remarketing services set forth herein.

SECTION 6. RESIGNATION OF THE REMARKETING DEALER. The Remarketing Dealer may resign and be discharged from its duties and obligations hereunder at any time prior to its giving notice of its intention to remarket the Notes, such resignation to be effective ten Business Days after delivery of a written notice to the Company and the Trustee of such resignation. The Remarketing Dealer also may resign and be discharged from its duties and obligations hereunder at any time, such resignation to be effective immediately, upon termination of this Agreement in accordance with subsection 10(b) hereof. The Company shall have the right, but not the obligation, to appoint a successor Remarketing Dealer.

SECTION 7. DEALING IN THE NOTES; PURCHASE OF NOTES BY THE COMPANY.

(a) JPMSI, when acting as the Remarketing Dealer or in its individual or any other capacity, may, to the extent permitted by law, buy, sell, hold and deal in any of the Notes. JPMSI, as holder or beneficial owner of the Notes, may exercise any vote or join as a holder or beneficial owner, as the case may be, in any action which any holder or beneficial owner of Notes may be entitled to exercise or take pursuant to the Indenture with like effect as if it did not act in any capacity hereunder. The Remarketing Dealer, in its capacity either as principal or agent, may also engage in or have an interest in any financial or other transaction with the Company as freely as if it did not act in any capacity hereunder.

(b) The Company may purchase Notes in the Remarketing, PROVIDED that the Interest Rate to Maturity established with respect to Notes in the Remarketing is not different from the Interest Rate to Maturity that would have been established if the Company had not purchased such Notes in such Remarketing.

SECTION 8. CONDITIONS TO REMARKETING DEALER'S OBLIGATIONS. The obligations of the Remarketing Dealer to purchase the Notes on the Remarketing Date in accordance with the provisions of this Agreement, to determine the Interest Rate to Maturity pursuant to subsection 4(d), and to remarket the Notes have been undertaken in reliance on, and are subject to, the following conditions:

(a) the due performance in all material respects by the Company of its obligations and agreements as set forth in this Agreement and the accuracy in all material respects of the representations and warranties in this Agreement and any certificate delivered pursuant hereto;

(b) the due performance in all material respects by the Company of its obligations and agreements set forth in, and the accuracy in all material respects as of the dates specified therein of the representations and warranties contained in, the Underwriting Agreement;

(c) none of the following events shall have occurred at any time on or prior to the Remarketing Date:

(i) an Event of Default (as defined in the Indenture), or any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default thereunder, with respect to the Notes shall have occurred and be continuing;

[(ii) an Event of Default or a Termination Event (each as defined in the Master Agreement) shall have occurred and be continuing under the Master Agreement (if the Master Agreement shall have terminated, then this provision shall continue to have effect as if such agreement were still in force and effect); or]

(iii) without the prior written consent of the Remarketing Dealer, the Indenture (including the Notes) shall have been amended in any manner, or otherwise contain any provision not contained therein as of the date hereof, that in either case in the judgment of the Remarketing Dealer materially changes the nature of the Notes or the remarketing procedures;

(d) none of the following events shall have occurred after the Remarketing Dealer elects on the Notification Date to purchase the Notes:

(i) there shall have occurred any downgrading, or any notice shall have been given of (A) any downgrading, (B) any intended or potential downgrading or (C) any review or possible change that does not indicate an improvement, in the rating accorded any debt securities of, or guaranteed by, the Company by any "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(ii) trading of any securities of, or guaranteed by, the Company shall have been suspended on any exchange or in any over-the-counter market;

(iii) a material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, the effect of which is such as to make it, in the judgment of the Remarketing Dealer, impracticable or inadvisable to remarket the Notes or to enforce contracts for the sale of the Notes;

(iv) if a prospectus is required under the Securities Act to be delivered in connection with the Remarketing, the Company shall fail to furnish to the Remarketing Dealer on the Remarketing Date the officers' certificate, opinion and comfort letter referred to in subsection 3(f) of this Agreement and such other documents and opinions as counsel for the Remarketing Dealer may reasonably require for the purpose of enabling such counsel to pass upon the sale of Notes in the Remarketing as herein contemplated and related

proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained;

(v) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade; or a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities;

(vi) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the judgment of the Remarketing Dealer, is material and adverse and which, in the judgment of the Remarketing Dealer, makes it impracticable to remarket the Notes or to enforce contracts for the sale of the Notes;

(vii) the Treasury Rate used to determine the Dollar Price on the Determination Date exceeds the Base Rate; or

(viii) the Remarketing Dealer shall not have received by the required time on the Determination Date any firm, committed bids to purchase all of the Notes in accordance with subsection 4(d) hereof,

(e) the Remarketing Dealer shall have received (as soon as practicable following notification by the Remarketing Dealer to the Company on the Notification Date of its election to purchase the Notes and in any event prior to the Determination Date) a certificate of any of the Chief Financial Officer, the Treasurer, or the Controller of the Company, satisfactory to the Remarketing Dealer, dated as of the Notification Date, to the following effect:

(i) the Company has, prior to the Remarketing Dealer's election on the Notification Date to remarket the Notes, provided the Remarketing Dealer with notice of all events as required under subsection 3(a) of this Agreement;

(ii) the representations and warranties in this Agreement are true and correct in all material respects at and as of the Notification Date; and

(iii) the Company has complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the Notification Date; and

(f) the Remarketing Dealer shall have received on the Remarketing Date a certificate of any of the Chief Financial Officer, the Treasurer or the Controller of the Company, satisfactory to the Remarketing Dealer, dated as of Remarketing Date, to the following effect:

(i) the representations and warranties in this Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the Remarketing Date;

(ii) the Company has complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied respects at or prior to the Remarketing Date;

(iii) no material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business prospects, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, shall have occurred since the date of the most recent financial statements of the Company filed with the Commission; and

(iv) the conditions specified in clauses (i), (ii) and (iii) of subsection 8(c) and clauses (i) and (ii) of subsection 8(d) of this Agreement have been satisfied.

#### SECTION 9. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless the Remarketing Dealer and each person, if any, who controls the Remarketing Dealer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted):

(i) arising out of the failure to have an effective registration statement under the Securities Act relating to the Notes, if required, or the failure to satisfy the prospectus delivery requirements of the Securities Act because the Company failed to notify the Remarketing Dealer of such delivery requirement or failed to provide the Remarketing Dealer with a prospectus for delivery,

(ii) caused by any untrue statement or alleged untrue statement of a material fact contained in any of the Remarketing Materials or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to the Remarketing Dealer furnished to the Company in writing by the Remarketing Dealer expressly for use therein, or

(iii) any violation by the Company of, or any failure by the Company to perform any of its obligations under, this Agreement, or

(iv) the acts or omissions of the Remarketing Dealer in connection with its duties and obligations hereunder, except to the extent finally judicially determined to be due primarily to its gross negligence or willful misconduct.

(b) The Remarketing Dealer agrees to indemnify and hold harmless the Company, its directors and its officers and each person who controls the Company within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Remarketing Dealer in subsection 9(a)(ii) of this Agreement, but only with reference to information relating to such Remarketing Dealer furnished to the Company in writing by such Remarketing Dealer expressly for use in any of the Remarketing Materials.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the "INDEMNIFIED PERSON") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless

(i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary,

(ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person, or

(iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them.

It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Remarketing Dealer and its directors and officers shall be designated in writing by it and any such separate firm for the Company, its directors and its officers who sign the Registration Statement and such control persons of the Company or authorized representatives shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the

plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment.

(d) Notwithstanding the foregoing subsection 9(c), if at any time an Indemnified Person shall have requested an Indemnifying Person to reimburse the Indemnified Person for fees and expenses of counsel as contemplated by such subsection 9(c), the Indemnifying Person agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Person of the aforesaid request and (ii) such Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement; PROVIDED, HOWEVER, that the Indemnifying Person shall not be liable for any settlement effected without its consent pursuant to this sentence if the Indemnifying Person is contesting in good faith the request for reimbursement and all other fees and expenses of counsel not so contested shall have been reimbursed. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

(e) If the indemnification provided for in subsections 9(a) and 9(b) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to, then each Indemnifying Person, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Remarketing Dealer, on the other hand, from the remarketing of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Remarketing Dealer, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Remarketing Dealer, on the other, shall be deemed to be in the same respective proportions as the aggregate principal amount of the Notes bears to the amount, if any, by which the price at which the Notes are sold by the Remarketing Dealer in the Remarketing exceeds the price paid by the Remarketing Dealer for the Notes tendered on the Remarketing Date. The relative fault of the Company, on the one hand, and the Remarketing Dealer, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Remarketing Dealer and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(f) The Company and the Remarketing Dealer agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by PRO RATA allocation or by any other method of allocation that does not take account of the equitable considerations referred to in

the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with investigating or defending any such action or claim.

(g) Notwithstanding the provisions of this Section 9, in no event shall the Remarketing Dealer be required to contribute any amount in excess of the amount by which the total price at which the Notes remarketed by it and distributed to the public were offered to the public exceeds the amount of any damages that such Remarketing Dealer has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(h) The indemnity and contribution agreements of the Company and the Remarketing Dealer contained in this Section 9 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement and (ii) any investigation made by or on behalf of the Remarketing Dealer or any person controlling the Remarketing Dealer or by or on behalf of the Company, its officers or directors or any other person controlling the Company.

#### SECTION 10. TERMINATION OF AGREEMENT.

(a) This Agreement shall terminate as to the Remarketing Dealer on the earliest of:

(i) the effective date of the resignation of the Remarketing Dealer pursuant to Section 6 hereof;

(ii) the date of the occurrence of any of the events described in clause (i) or (ii) of subsection 4(g); or

(iii) the date the Company gives notice of its intention to redeem all of the outstanding Notes in accordance with subsection 4(h).

(b) In addition, the Remarketing Dealer may terminate all of its obligations under this Agreement immediately by notifying the Company and the Trustee of its election to do so, at any time on or before the Remarketing Date, if:

(i) any of the conditions referred to or set forth in subsection 8(a) or 8(b) hereof have not been met or satisfied in full or any of the events set forth in subsection 8(c) or 8(d) shall have occurred; or

(ii) the Remarketing Dealer determines, in its sole discretion, after consultation with the Company, that there is material, non-public information about the Company that is not available to the Remarketing Dealer which is necessary for it to fulfill its obligations under this Agreement.

(c) If this Agreement is terminated pursuant to this Section 10, such termination shall be without liability of any party to any other party, except that, in the case of a termination resulting from a failure to observe the conditions set forth in subsection 8(a) or 8(b), or the occurrence of any of the events set forth in subsection 8(c) or any of clauses (i) through (iv) of subsection 8(d), the Company shall reimburse the Remarketing Dealer for all of its reasonable out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Remarketing Dealer. Section 9 and subsections 4(h), 10(c) and 10(d) shall survive such termination and remain in full force and effect.

(d) Upon the termination of this Agreement pursuant to subsection 10(b) (except as a result of any event described in subsection 8(d)(vii) and subject to the Remarketing Dealer's obligation to comply with Section 4(d) hereof if the determination is on or after the Determination Date), then, upon the request of the Remarketing Dealer, the Company shall pay the Call Price to the Remarketing Dealer.

The Remarketing Dealer shall promptly notify the Company of the Call Price by telephone, confirmed in writing (which may include facsimile or other electronic transmission). The Call Price shall be paid in same-day funds by wire transfer to an account designated by the Remarketing Dealer and shall be paid as soon as practicable, and in any event not later than the earlier of (x) three Business Days after written notification to the Company and (y) the Remarketing Date.

The Remarketing Dealer's determination of the Call Price, absent manifest error, shall be binding and conclusive upon the parties hereto.

(e) This Agreement shall not be subject to termination by the Company.

SECTION 11. REMARKETING DEALER'S PERFORMANCE; DUTY OF CARE. The duties and obligations of the Remarketing Dealer shall be determined solely by the express provisions of this Agreement and the Indenture. No implied covenants or obligations of or against the Remarketing Dealer shall be read into this Agreement or the Indenture. In the absence of bad faith on the part of the Remarketing Dealer, the Remarketing Dealer may conclusively rely upon any document furnished to it, which purports to conform to the requirements of this Agreement and the Indenture, as to the truth of the statements expressed in any of such documents. The Remarketing Dealer shall be protected in acting upon any document or communication reasonably believed by it to have been signed, presented or made by the proper party or parties. The Remarketing Dealer shall incur no liability to the Company or to any beneficial owner or holder of Notes in its individual capacity or as Remarketing Dealer for any action or failure to act in connection with the remarketing or otherwise, except to the extent finally judicially determined to be due primarily to its gross negligence or willful misconduct.

SECTION 12. GOVERNING LAW. This agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

SECTION 13. TERM OF AGREEMENT. Unless otherwise terminated in accordance with the provisions hereof, this Agreement shall remain in full force and effect from the date hereof until the earlier of the first day thereafter on which no Notes are outstanding or the completion of the Remarketing.

Regardless of any termination of this Agreement pursuant to any of the provisions hereof, the obligations of the Company and the Remarketing Dealer pursuant to Section 9 and subsections 4(h), 10(c) and 10(d) hereof shall remain operative and in full force and effect until fully satisfied.

SECTION 14. SUCCESSORS AND ASSIGNS. The rights and obligations of the Company hereunder may not be assigned or delegated to any other person (other than as specified in Article Eight of the Indenture) without the prior written consent of the Remarketing Dealer. The rights and obligations of the Remarketing Dealer hereunder may not be assigned or delegated to any other person (other than an affiliate of the Remarketing Dealer, with the consent of the Company, not to be unreasonably withheld) without the prior written consent of the Company. This Agreement shall inure to the benefit of and be binding upon the Company and the Remarketing Dealer and their respective successors and assigns, and will not confer any benefit upon any other person, partnership, association or corporation other than persons, if any, controlling the Remarketing Dealer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or any other indemnified party to the extent provided in Section 9 hereof. The terms "successors" and "assigns" shall not include any purchaser of any Notes merely because of such purchase.

SECTION 15. HEADINGS. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

SECTION 16. SEVERABILITY. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any or all jurisdictions because it conflicts with any provision of any constitution, statute, rule or public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case, circumstance or jurisdiction, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

SECTION 17. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

SECTION 18. AMENDMENTS; WAIVERS. This Agreement may be amended or portions thereof may be waived by any instrument in writing signed by each of the parties hereto so long as this

Agreement as amended or the provisions as so waived are not inconsistent with the Indenture in effect as of the date of any such amendment or waiver.

SECTION 19. NOTICES. Unless otherwise specified, any notices, requests, consents or other communications given or made hereunder or pursuant hereto shall be made in writing (which may include facsimile or other electronic transmission) and shall be deemed to have been validly given or made when delivered or, if earlier, three days after it was mailed, registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

(a) to the Company:

Waste Management, Inc.  
1001 Fannin Street, Suite 4000  
Houston, Texas 77002  
Attention: Treasurer  
Facsimile No.: (713) 209-9710

(b) to JPMSI:

J.P. Morgan Securities Inc.  
60 Wall Street  
New York, New York 10260  
Attention: Syndicate Department  
Facsimile No.: 212/648-5909

or to such other address as the Company or the Remarketing Dealer shall specify in writing.

IN WITNESS WHEREOF, each of the Company and the Remarketing Dealer has caused this Agreement to be executed in its name and on its behalf by one of its duly authorized officers as of the date first above written.

WASTE MANAGEMENT, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

J. P. MORGAN SECURITIES INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THIS SECURITY IS A BOOK-ENTRY SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK LIMITED PURPOSE TRUST COMPANY ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION FOR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

BOOK -ENTRY SECURITY

No. 1  
CUSIP 902917AH6

U.S. \$200,000,000

WASTE MANAGEMENT, INC.  
7% SENIOR NOTE DUE 2028

WASTE MANAGEMENT, INC. (formerly known as USA WASTE SERVICES, INC.), a Delaware corporation (the "Company"), for value received, hereby promises to pay to CEDE & CO. or registered assigns, at the office or agency of the Company, the principal sum of \$200,000,000 U.S. dollars on July 15, 2028 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest at an annual rate of 7% payable on January 15 and July 15 in each year, to the person in whose name the Security is registered at the close of business on the record date for such interest which shall be the preceding December 31 or June 30, respectively, payable commencing January 15, 1999, with interest on January 15, 1999 consisting of interest accrued from July 17, 1998.

Reference is made to the further provisions of this Security set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

The statements in the legend set forth above are an integral part of the terms of this Security and by acceptance hereof the Holder of this Security agrees to be subject to, and bound by, the terms and provisions set forth in such legend.

This Security is issued in respect of a series of Securities of an aggregate of U.S. \$600,000,000 in principal amount designated as the 7% Senior Notes due 2028 of the Company and is governed by the Indenture dated as of September 10, 1997, duly executed and delivered by the Company to Chase Bank of Texas, National Association, as trustee (the "Trustee"), as supplemented by Board Resolutions (as defined in the Indenture) (such Indenture and Board Resolutions, collectively, the "Indenture"). The terms of the Indenture are incorporated herein by reference. This Security shall in all respects be entitled to the same benefits as definitive Securities under the Indenture.

If and to the extent that any provision of the Indenture limits, qualifies, or conflicts with any other provision of the Indenture which is required to be included in the Indenture or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act of 1939, as amended, such required provision shall control.

The Company hereby irrevocably undertakes to the Holder hereof to exchange this Book-Entry Security in accordance with the terms of the Indenture without charge.

This Security shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

WASTE MANAGEMENT, INC.,  
a Delaware corporation

By:

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

[Corporate Seal]

Attest:

By:

-----  
Gregory T. Sangalis  
Vice President and Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: July 17, 1998

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,  
as Trustee

By:

-----  
Authorized Signatory

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

7% SENIOR NOTE DUE 2028

This Book-Entry Security is one of a duly authorized issue of Securities or other evidences of indebtedness of the Company (the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as provided in the Indenture. This Security is one of a series designated as the 7% Senior Notes due 2028 of the Company, limited in aggregate principal amount to \$600,000,000.

1. Interest.

USA Waste Services, Inc., a Delaware corporation (hereinafter called the "Company," which term includes any successors under the Indenture hereinafter referred to), promises to pay interest on the principal amount of this Security at the rate of 7% per annum. To the extent it is lawful, the Company promises to pay interest on any interest payment due but unpaid on such principal amount at a rate of 7% per annum.

The Company will pay interest semi-annually on January 15 and July 15 of each year (each an "Interest Payment Date"), commencing January 15, 1999. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid on the Securities, from July 17, 1998. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

2. Method of Payment.

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date. Any such interest not so punctually paid ("Defaulted Interest"), may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may then be listed if such manner of payment shall be deemed practicable by the Trustee, as more fully provided in the Indenture referred to below. Except as provided below, the Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts ("U.S. Legal Tender"). Payments in respect of the Book-Entry Securities (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by the Depository. Payments in respect of Securities in definitive form (including principal, premium, if any, and interest) will be made at the office or agency of the Company maintained for such purpose within the Borough of Manhattan, The City of New York, or at the option of the Company, payment of interest may be made by check mailed to the Holders on the Regular Record Date or on the Special Record Date at their addresses set forth in the Security Register of Holders.

3. Paying Agent and Registrar.

Initially, Chase Bank of Texas, National Association (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar at any time upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

4. Indenture.

This Security is one of a duly authorized issue of Securities of the Company issued and to be issued in one or more series under an Indenture, dated as of September 10, 1997 (the "Indenture"), between the Company and the Trustee. Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities

include those stated in the Indenture, all indentures supplemental thereto, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture, and those terms stated in the Resolutions of the Pricing Committee of the Board of Directors of the Company dated July 14, 1998 (the "Resolutions"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act and said Resolutions for a statement of them. The Securities of this series are general unsecured obligations of the Company limited in aggregate principal amount to \$600,000,000.

#### 5. Redemption.

The Securities will be redeemable at the option of the Company at any time and from time to time, in whole or in part, upon not less than 30 nor more than 60 days notice to each Holder of Securities, at a redemption price equal to the Make-Whole Price. "Make-Whole Price" means an amount equal to the greater of (i) 100% of the principal amount of such Securities and (ii) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in each case accrued and unpaid interest to the date of redemption. Unless the Company defaults in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Securities or portions thereof called for redemption.

"Adjusted Treasury Rate" means, with respect to any date of redemption, the rate per annum equal to the semi-annual yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such date of redemption, plus 0.25%.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

"Comparable Treasury Price" means, with respect to any date of redemption, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such date of redemption, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations of U.S. Government Securities", or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means each of Donaldson, Lufkin & Jenrette Securities Corporation, Credit Suisse First Boston Corporation, Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Salomon Brothers Inc. and their respective successors; provided, however, that if any of the foregoing shall not be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such date of redemption.

In the case of a partial redemption, the Company or the Trustee shall select the Securities or portions thereof for redemption by such method as the Company or the Trustee shall deem fair and appropriate. The Securities may be redeemed in part in multiples of \$1,000 only.

Any such redemption will also comply with Article Eleven of the Indenture.

Notice of redemption will be given in the manner provided in the Indenture to the Holders of Securities to be redeemed not less than 30 days and not more than 60 days prior to the Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Make-Whole Price and, except as set forth in the Indenture, from and after such Redemption Date, (unless the Company shall default in the payment of the Make-Whole Price), the Securities called for redemption will cease to bear interest and the only right of the Holders of such Securities will be to receive payment of the Make-Whole Price.

6. Denominations; Transfer; Exchange.

The Securities are issued in registered form, without coupons, in denominations of \$1,000 and integral multiples of \$1,000. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture. The Securities Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

7. Person Deemed Owners.

The registered Holder of a Security may be treated as the owner of it for all purposes.

8. Amendment; Supplement; Waiver.

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented, and any existing Event of Default or compliance with any provision may be waived, with the written consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the rights of any Holder of a Security. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and any Securities which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Security or such other Securities.

9. Defaults and Remedies.

If an Event of Default occurs and is continuing, then in every such case, the Trustee or the Holders of 25% in aggregate principal amount of the Securities then outstanding may declare the principal amount of all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Notwithstanding the preceding sentence, however, if at any time after the unpaid principal amount of the Securities shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all overdue installments of interest, if any, upon all of the Securities and the principal of any and all Securities which shall have become due otherwise than by acceleration and any interest thereon at the rate prescribed therefor herein and, to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor herein, as well as the reasonable compensation, disbursements, expenses and advances of the Trustee, and any and all defaults under the Indenture, other than the nonpayment of such portion of the principal amount of and accrued interest, if any, on such Securities which shall become due by acceleration, shall have been cured or shall have been waived or provision deemed by the Trustee to be adequate shall have been made therefor -- then in every such case the Holders of a majority in aggregate principal amount of the Securities then Outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power.

10. Trustee Dealings with Company.

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates or any subsidiary of the Company's Affiliates, and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

11. Authentication.

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

12. Abbreviations and Defined Terms.

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (=tenant in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=Custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

13. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company will cause CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such number as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

14. Absolute Obligation.

No reference herein to the Indenture and no provision of this Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security in the manner, at the respective times, at the rate and in the coin or currency herein prescribed.

15. No Recourse.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, past, present or future stockholder, officer or director, as such of the Company or of any successor, either directly or through the Company or of any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Security by the Holder and as part of the consideration for the issue of the Security.

16. Governing Law.

This Security shall be construed in accordance with and governed by the laws of the State of New York.

THIS SECURITY IS A BOOK-ENTRY SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK LIMITED PURPOSE TRUST COMPANY ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION FOR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

BOOK-ENTRY SECURITY

No. 1  
CUSIP 902917AG8

U.S. \$200,000,000

WASTE MANAGEMENT, INC.  
6-1/8% MANDATORILY TENDERED SENIOR NOTE  
DUE 2011

WASTE MANAGEMENT, INC. (formerly known as USA WASTE SERVICES, INC.), a Delaware corporation (the "Company"), for value received, hereby promises to pay to CEDE & CO. or registered assigns, at the office or agency of the Company, the principal sum of \$200,000,000 U.S. dollars on July 15, 2011 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on January 15 and July 15 in each year (each an "Interest Payment Date"), to the person in whose name the Security is registered at the close of business on the record date for such interest which shall be the preceding December 31 or June 30, respectively, payable commencing January 15, 1999, with interest on January 15, 1999 consisting of interest accrued from July 17, 1998.

The rate of interest on this Security shall be 6-1/8% per annum to but excluding July 15, 2001 (the "Remarketing Date"). If, acting pursuant to the Remarketing Agreement dated as of July 17, 1998 (the "Remarketing Agreement") between J.P. Morgan Securities Inc., as Remarketing Dealer (the "Remarketing Dealer") and the Company, the Remarketing Dealer elects to remarket the Securities on the Remarketing Date, then, from and including the Remarketing Date the interest rate on the Securities shall be reset to but excluding July 15, 2011 (the "Stated Maturity Date"), and the rate of interest shall be determined by the Remarketing Dealer in accordance with the procedures set forth in Section 4 on the reverse hereof. If the Remarketing Dealer elects to remarket the Securities on the Remarketing Date, then this Security shall be subject to mandatory tender to the Remarketing Dealer for remarketing on such Remarketing Date, on the terms and subject to the conditions set forth on the reverse hereto. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

If the Remarketing Dealer for any reason does not purchase all of the Securities on the Remarketing Date, then the Company shall repurchase on such Remarketing Date, at a price equal to 100% of the principal amount of the Securities plus all accrued interest, if any, on the Securities to (but excluding) the Remarketing Date, any Securities that have not been purchased by the Remarketing Dealer on the Remarketing Date.

This Security will be redeemable by the Company on and after the Remarketing Date pursuant to the terms and conditions set forth on the reverse hereof.

Reference is made to the further provisions of this Security set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

The statements in the legend set forth above are an integral part of the terms of this Security and by acceptance hereof the Holder of this Security agrees to be subject to, and bound by, the terms and provisions set forth in such legend.

This Security is issued in respect of a series of Securities of an aggregate of U.S. \$600,000,000 in principal amount designated as the 6-1/8% Mandatorily Tendered Senior Notes due 2011 of the Company and is governed by the Indenture dated as of September 10, 1997, duly executed and delivered by the Company to Chase Bank of Texas, National Association, as trustee (the "Trustee"), as supplemented by Board Resolutions (as defined in the Indenture) (such Indenture and Board Resolutions, collectively, the "Indenture"). The terms of the Indenture are incorporated herein by reference. This Security shall in all respects be entitled to the same benefits as definitive Securities under the Indenture.

If and to the extent that any provision of the Indenture limits, qualifies, or conflicts with any other provision of the Indenture which is required to be included in the Indenture or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act of 1939, as amended, such required provision shall control.

The Company hereby irrevocably undertakes to the Holder hereof to exchange this Book-Entry Security in accordance with the terms of the Indenture without charge.

This Security shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

WASTE MANAGEMENT, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Earl E. DeFrates  
Executive Vice President and  
Chief Financial Officer

[Corporate Seal]

Attest:

By: \_\_\_\_\_  
Gregory T. Sangalis  
Vice President and Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: July 17, 1998

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

6-1/8% MANDATORILY TENDERED SENIOR NOTE DUE 2011

This Book-Entry Security is one of a duly authorized issue of Securities or other evidences of indebtedness of the Company (the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as provided in the Indenture. This Security is one of a series designated as the 6-1/8% Mandatorily Tendered Senior Notes due 2011 of the Company, limited in aggregate principal amount to \$600,000,000. The Securities are sometimes referred to herein as the "Notes."

1. Definitions.

(a) The following terms have the following meanings:

"Base Rate" means 5.585% per annum.

"Business Day" means any day other than a Saturday or Sunday or other day on which banking institutions in the City of New York are authorized or obligated by law, executive order or governmental decree to be closed.

"Call Price" means the fair market value of the embedded interest rate option implicit in the Remarketing Dealer's right to purchase at par and remarket on the Remarketing Date, pursuant to this Agreement, of any Notes not purchased (due to the prior termination of this Agreement or otherwise) by the Remarketing Dealer on the Remarketing Date (such principal amount of Notes, the "Unpurchased Notes"). This amount shall equal:

(i) if the Remarketing Dealer's request for the Call Price payment is made before the Determination Date, the Commercially Reasonable Option Value on the date of such request;

(ii) if the Remarketing Dealer's request for the Call Price payment is made on or after the Determination Date, the amount, if positive, equal to: (x) the Dollar Price less the Original Amount of Notes, multiplied by (y) a fraction, the numerator of which is the Unpurchased Notes and the denominator of which is the Original Amount of Notes.

"Commercially Reasonable Option Value" means, on any date, the amount determined by the Remarketing Dealer on such date under Section 6(e) of the Master Agreement on a "Market Quotation" basis in respect of the embedded interest rate option implicit in the Remarketing Dealer's option to purchase at par the Unpurchased Notes on the Remarketing Date, as if a "Termination Event" had occurred on such specified date under such interest rate option with respect to the Company under the Master Agreement and the Company was the "Affected Party". The determination of the Commercially Reasonable Option Value shall be made using the provisions of the Master Agreement regardless of any termination of the Master Agreement.

"Comparable Treasury Issue" means the United States Treasury security selected by the Remarketing Dealer as having an actual maturity on the Determination Date (or the United States Treasury securities selected by the Remarketing Dealer to derive an interpolated yield to maturity on such Determination Date) comparable to the remaining term of the Notes.

"Comparable Treasury Price" means (a) the offer price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) on the Determination Date, as set forth on Telerate Page 500 (as defined below), adjusted to reflect settlement on the Remarketing Date, if prices quoted on Telerate Page 500 are for settlement on any date other than the Remarketing Date, or (b) if such page (or any successor page) is not displayed or does not contain such offer prices on such Business Day, (i) the average of five Reference Treasury Dealer Quotations (as defined below) for the Remarketing Date,



excluding the highest and lowest of such Reference Treasury Dealer Quotations (unless there is more than one highest or lowest quotation, in which case only one such highest and/or lowest quotation shall be excluded), or (ii) if the Remarketing Dealer obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations. The Remarketing Dealer shall have the discretion to select the time at which the Comparable Treasury Price is determined on the Determination Date.

"Dollar Price" means the discounted present value to the Remarketing Date of the cash flows on a bond

- (i) with a principal amount equal to the aggregate principal amount of the Notes,
- (ii) maturing on the Stated Maturity Date, and
- (iii) bearing interest at a rate equal to the Base Rate,

using a discount rate equal to the Treasury Rate (defined below), payable semi-annually (assuming a 360-day year consisting of twelve 30-day months) on the Interest Payment Dates of the Notes from and including the Remarketing Date to but excluding the Stated Maturity Date.

"Master Agreement" means the ISDA Master Agreement dated as of June 30, 1995 between the Company and J.P. Morgan Securities Inc., as amended

"Original Amount of Notes" means the principal amount of the Notes issued by the Company on the date hereof.

"Reference Corporate Dealer" means J.P. Morgan Securities Inc.; Donaldson, Lufkin & Jenrette Securities Corporation; BancAmerica Robertson Stephens; Chase Securities, Inc.; and Deutsche Bank Securities. If any of such persons shall cease to be a leading dealer of publicly-traded debt securities of the Company, then the Remarketing Dealer may replace, with the approval of the Company (not to be unreasonably withheld), such person with any other leading dealer of publicly-traded debt securities of the Company.

"Reference Treasury Dealer" means a primary U.S. Government securities dealer in The City of New York (which may include the Remarketing Dealer) selected by the Remarketing Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer, the offer price(s) for the Comparable Treasury Issue (expressed as a percentage of its principal amount) for settlement on the Remarketing Date, quoted in writing to the Remarketing Dealer by such Reference Treasury Dealer by 3:30 p.m., New York City time, on the Determination Date.

"Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets Limited (or such other page as may replace Telerate Page 500 on such service) or such other service displaying the offer prices specified in clause (a) of the definition of Comparable Treasury Price as may replace Dow Jones Markets Limited.

"Treasury Rate" means the annual rate equal to the semi-annual equivalent yield to maturity or interpolated (on a 30/360 day count basis) yield to maturity on the Determination Date of the Comparable Treasury Issue (defined above) for value on the Remarketing Date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined above).

(b) Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein.

## 2. Mandatory Tender on each Remarketing Date; Purchase and Settlement.

On a Business Day not later than fifteen Business Days prior to the Remarketing Date (the "Notification Date"), the Remarketing Dealer will notify the Company and the Trustee as to whether it elects to purchase the Notes on the Remarketing Date. If, and only if, the Remarketing Dealer so elects, the Notes shall be subject to mandatory tender to the Remarketing Dealer for purchase and remarketing on the Remarketing Date, upon the terms and subject to the conditions described herein. The purchase price of the Notes shall be equal to 100% of the principal amount thereof. No holder or

beneficial owner of any Securities shall have any rights or claims under the Remarketing Agreement or against the Company or the Remarketing Dealer as a result of the Remarketing Dealer not purchasing such Securities on the Remarketing Date.

### 3. Maintenance of Book-Entry System.

(a) The tender and settlement procedures with respect to the Securities set forth in the Remarketing Agreement shall be subject to modification, without the consent of the holders of the Securities, to the extent required by DTC or, if the book-entry system is no longer available for the Securities at the time of the remarketing, to the extent required to facilitate the tendering and remarketing of Securities in certificated form. In addition, the Remarketing Dealer may modify the settlement procedures without the consent of the holders of the Securities in order to facilitate the settlement process.

(b) The Company hereby agrees with the Trustee and the holders of Securities that (i) at all times, it will use its best efforts to maintain the Securities in book-entry form with DTC or any successor thereto and to appoint a successor depository to the extent necessary to maintain the Securities in book-entry form and (ii) it waives any discretionary right that it otherwise may have under the Indenture to cause the Securities to be issued in certificated form.

### 4. Determination of Reset Interest Rates; Notification Thereto.

The Remarketing Dealer shall determine a new stated interest rate on the Notes as of the Remarketing Date (the "Interest Rate to Maturity") on the third Business Day immediately preceding the Remarketing Date (the "Determination Date") by soliciting by 3:30 p.m., New York City time, the Reference Corporate Dealers for firm, committed bids to purchase all outstanding Notes at the Dollar Price and by selecting the lowest such firm, committed bid (regardless of whether each of the Reference Corporate Dealers actually submits a bid). Each bid shall be expressed in terms of the Interest Rate to Maturity that the Notes would bear (quoted as a spread over the Base Rate), based on the following assumptions:

- (i) the Notes would be sold to such Reference Corporate Dealer on the Remarketing Date for settlement on the same day;
- (ii) the Notes would mature on the Stated Maturity Date; and
- (iii) the Notes would bear interest from and including the Remarketing Date to but excluding the Stated Maturity Date at a stated rate equal to the Interest Rate to Maturity bid by such Reference Corporate Dealer, payable semi-annually on the interest payment dates for the Notes.

The Interest Rate to Maturity announced by the Remarketing Dealer as a result of such process will be quoted to the nearest one hundred-thousandth (0.00001) of one percent per annum and, absent manifest error, will be binding and conclusive upon holders of the Notes, the Company and the Trustee. Except as set forth below, the Remarketing Dealer shall have the discretion to select the time at which the Interest Rate to Maturity is determined on the Determination Date.

The Remarketing Dealer shall have the right in its sole discretion to either (i) remarket the Notes for its own account or (ii) sell the Notes to the Reference Corporate Dealer submitting the lowest firm, committed bid pursuant to this section 4. If two or more Reference Corporate Dealers submit equivalent bids which constitute the lowest firm, committed bid, the Remarketing Dealer may in its sole discretion elect to sell the Notes to any such Reference Corporate Dealer.

If the Remarketing Dealer has elected to remarket the Notes as provided in section 2 and this section 4, then it shall notify the Company, the Trustee and DTC by telephone, confirmed in writing (which may include facsimile or other electronic transmission), by 5:00 p.m., New York City time, on the Determination Date of the Interest Rate to Maturity applicable to the Notes effective from and including the Remarketing Date.

### 5. Repurchase.

If the Remarketing Dealer for any reason does not purchase all of the Securities on the Remarketing Date, then the Company shall repurchase on such Remarketing Date, at a price equal to 100% of the principal amount of the Securities plus all accrued interest, if any, on the Securities to (but

excluding) the Remarketing Date, any Securities that have not been purchased by the Remarketing Dealer on the Remarketing Date.

6. Redemption.

(a) On the Remarketing Date.

If the Remarketing Dealer has elected to remarket the Notes on the Remarketing Date in accordance with sections 2 and 4 hereof, the Company may irrevocably elect to exercise its right to redeem the Notes, in whole but not in part, from the Remarketing Dealer on the Remarketing Date, by giving written notice of such election to the Remarketing Dealer no later than the later of

(i) the Business Day immediately prior to the Determination Date or

(ii) if fewer than three Reference Corporate Dealers submit firm, committed bids in accordance with section 4 hereof, immediately after the deadline set by the Remarketing Dealer for receiving such bids has passed;

and by paying the amount equal to the greater of (x) 100% of the aggregate principal amount of the Notes and (y) the Dollar Price with respect to such Notes.

In either such case, the Company shall pay such redemption price for the Notes in same-day funds by wire transfer on the Remarketing Date to an account designated by the Remarketing Dealer. For purposes of calculating the Dollar Price, the Remarketing Dealer shall be deemed to have made the request for the Dollar Price on the date the Company makes its election to redeem the Notes.

(b) After the Remarketing Date.

After the Remarketing Date, if the Remarketing Dealer has elected to remarket the Notes on the Remarketing Date, the Notes will be redeemable (a "Post-Remarketing Redemption"), in whole or in part, at the option of the Company at any time at a redemption price equal to the greater of (i) 100% of the principal amount of such Notes or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including the portion of any such payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) (determined on the third Business Day preceding such redemption date), plus, in each case, accrued and unpaid interest thereon to (but excluding) the redemption date.

Notice of any Post-Remarketing Redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed. Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions thereof called for redemption pursuant to a Post-Remarketing Redemption.

"Adjusted Treasury Rate" means (i) the arithmetic means of the yields under the heading "Week Ending" published in the Statistical Release most recently published prior to the date of determination under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the remaining life to the maturity, as of the redemption date, of the principal being redeemed plus (ii) 0.10%. If no maturity set forth under such heading exactly corresponds to the maturity of such principal, yields for the two published maturities most closely corresponding to the maturity of such principal shall be calculated pursuant to the immediately preceding sentence, and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of the relevant periods to the nearest month.

"Statistical Release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively-traded United States government securities adjusted to constant maturities, or, if such statistical release is not published at the time of any determination under the terms of the Notes, then such other reasonably comparable index which shall be designated by the Company.

7. Tax Treatment; Agreement to Tender.

The Company and the holders of this Security (and each holder of a beneficial interest herein) by accepting this Security, agree to treat the Notes as fixed rate debt instruments that mature on the Remarketing Date for United States Federal



income tax purposes. Furthermore, each holder of this Security irrevocably agrees that this Security shall automatically be tendered to the Remarketing Dealer if the Remarketing Dealer elects to remarket the Securities on the terms and conditions as set forth herein.

#### 8. Method of Payment.

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date. Any such interest not so punctually paid ("Defaulted Interest"), may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may then be listed if such manner of payment shall be deemed practicable by the Trustee, as more fully provided in the Indenture referred to below. Except as provided below, the Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts ("U.S. Legal Tender"). Payments in respect of the Book-Entry Securities (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by the Depository. Payments in respect of Securities in definitive form (including principal, premium, if any, and interest) will be made at the office or agency of the Company maintained for such purpose within the Borough of Manhattan, The City of New York, or at the option of the Company, payment of interest may be made by check mailed to the Holders on the Regular Record Date or on the Special Record Date at their addresses set forth in the Security Register of Holders.

#### 9. Paying Agent and Registrar.

Initially, Chase Bank of Texas, National Association (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar at any time upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

#### 10. Indenture.

This Security is one of a duly authorized issue of Securities of the Company issued and to be issued in one or more series under an Indenture, dated as of September 10, 1997 (the "Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture, all indentures supplemental thereto, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture, and those terms stated in the Resolutions of the Pricing Committee of the Board of Directors of the Company dated July 14, 1998 (the "Resolutions"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act and said Resolutions for a statement of them. The Securities of this series are general unsecured obligations of the Company limited in aggregate principal amount to \$600,000,000.

#### 11. Denominations; Transfer; Exchange.

The Securities are issued in registered form, without coupons, in denominations of \$1,000 and integral multiples of \$1,000. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture. The Securities Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

#### 12. Person Deemed Owners.

The registered Holder of a Security may be treated as the owner of it for all purposes.

#### 13. Amendment; Supplement; Waiver.

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented, and any existing Event of Default or compliance with any provision may be waived, with the written consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the rights of any Holder of a Security. Any such consent or



by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and any Securities which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Security or such other Securities.

#### 14. Defaults and Remedies.

If an Event of Default occurs and is continuing, then in every such case, the Trustee or the Holders of 25% in aggregate principal amount of the Securities then outstanding may declare the principal amount of all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Notwithstanding the preceding sentence, however, if at any time after the unpaid principal amount of the Securities shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all overdue installments of interest, if any, upon all of the Securities and the principal of any and all Securities which shall have become due otherwise than by acceleration and any interest thereon at the rate prescribed therefor herein and, to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor herein, as well as the reasonable compensation, disbursements, expenses and advances of the Trustee, and any and all defaults under the Indenture, other than the nonpayment of such portion of the principal amount of and accrued interest, if any, on such Securities which shall become due by acceleration, shall have been cured or shall have been waived or provision deemed by the Trustee to be adequate shall have been made therefor -- then in every such case the Holders of a majority in aggregate principal amount of the Securities then Outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power.

#### 15. Trustee Dealings with Company.

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates or any subsidiary of the Company's Affiliates, and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

#### 16. Authentication.

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

#### 17. Abbreviations and Defined Terms.

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (=tenant in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=Custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

#### 18. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company will cause CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such number as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

#### 19. Absolute Obligation.

No reference herein to the Indenture and no provision of this Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security in the manner, at the respective times, at the rate and in the coin or currency herein prescribed.



20. No Recourse.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, past, present or future stockholder, officer or director, as such of the Company or of any successor, either directly or through the Company or of any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Security by the Holder and as part of the consideration for the issue of the Security.

21. Governing Law.

This Security shall be construed in accordance with and governed by the laws of the State of New York.