

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13E-3/A

(AMENDMENT NO. 1)
RULE 13E-3 TRANSACTION STATEMENT
(PURSUANT TO SECTION 13(E) OF THE SECURITIES EXCHANGE ACT OF 1934)
WASTE MANAGEMENT INTERNATIONAL PLC
(NAME OF ISSUER)
WASTE MANAGEMENT, INC.

WASTE MANAGEMENT INTERNATIONAL PLC
(NAMES OF PERSONS FILING STATEMENT)

ORDINARY SHARES OF 10P EACH
AMERICAN DEPOSITARY SHARES, EVIDENCED BY
AMERICAN DEPOSITARY RECEIPTS,
EACH REPRESENTING TWO ORDINARY SHARES
(TITLE OF CLASS OF SECURITIES)

94090610 (AMERICAN DEPOSITARY SHARES)
(CUSIP NUMBER OF CLASS OF SECURITIES)

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THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

- This statement is filed in connection with (check the appropriate box):
- a. The filing of solicitation materials or an information statement subject to Regulation 14A [17 CFR 240.14a-1 to 240.14b-1], Regulation 14C [17 CFR 240.14c-1 to 240.14c-101] or Rule 13e-3(c) [(S) 240.13e-3(c)] under the Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials referred to in checking box (a) are preliminary copies:

INTRODUCTION

OVERVIEW

This Rule 13e-3 Transaction Statement on Schedule 13E-3 (the "Transaction Statement") filed pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended, relates to the proposal (the "Proposal") in respect of Waste Management International plc, a company incorporated with limited liability and registered in England and Wales (the "Company"), pursuant to which the Company would become an indirect, wholly-owned subsidiary of Waste Management Holdings, Inc. ("Old WMI"), a Delaware corporation (formerly known as Waste Management, Inc.) and the holder indirectly of approximately 80 percent of the outstanding share capital of the Company and, as a result of the Merger (as described below), an indirect, wholly-owned subsidiary of WMI (as defined below). Pursuant to the Proposal, holders of the approximately 20 percent outstanding share capital of the Company not currently owned by Old WMI and its affiliates would receive 345p in cash for each ordinary share, par value 10p per share (the "Ordinary Shares") held (the "Sterling Consideration") or, if they elect to receive US dollars (the "Dollar Election") the US dollar equivalent thereof calculated by converting the Sterling Consideration into US dollars at the mid-point spot rate for conversion of pounds sterling into US dollars at 4:00 pm (London time) on the Effective Date (as defined below), derived from the WM Reuters page showing such rate (the "Dollar Consideration" and, together with the Sterling Consideration, the "Ordinary Shares Consideration"). The exchange rate for converting from the Sterling Consideration to the Dollar Consideration is referred to herein as the "Dollar Exchange Rate". Pursuant to the Proposal, holders of American Depositary Receipts ("ADRs") evidencing ADSs (each representing two Ordinary Shares) will receive in cash the US dollar equivalent of 690p for each ADR, calculated using the Dollar Exchange Rate (the "ADRs Consideration").

The Proposal will be implemented by means of a Scheme of Arrangement (the "Scheme") under Section 425 of the United Kingdom Companies Act 1985 (the "UK Companies Act"). The terms and conditions of the Proposal are set forth in "Item 4--Terms of the Transaction". See also the Scheme of Arrangement Document dated [], 1998 (the "Scheme Document") which is attached hereto as Schedule A. The Scheme Document is being sent pursuant to the UK Companies Act to holders of Ordinary Shares. The following responses and cross-references are supplied pursuant to General Instruction D to Schedule 13E-3 and show the locations in the Scheme Document of the information required to be included in response to the items of this Transaction Statement. Relevant information contained in the Scheme Document is incorporated by reference in response to specific items in this Transaction Statement.

The implementation of the Scheme will require, among other things, the approval of holders (the "Scheme Shareholders") of Scheme Shares (as defined below) at the Court Meeting (as defined below) which has been convened by order of the High Court of Justice in England and Wales (the "English High Court") (at which the approval of a majority in number of those voting representing three-fourths in value of the Scheme Shares voted, either in person or by proxy, will be required) and the passing of a special resolution by holders of Ordinary Shares at the Extraordinary General Meeting (described below). Scheme Shares are the Ordinary Shares outstanding at the date of the Scheme Document, other than Ordinary Shares in which WMI and its subsidiaries are beneficially interested as at the date of the Scheme Document (collectively, the "WMI Group Shares"), together with: (i) any additional Ordinary Shares which may be issued after the date of the Scheme Document but before 5:30 pm (London time) on the business day immediately before the Court Meeting and (ii) any further Ordinary Shares which may be issued after the period referred to in clause (i) above but before 5:30 pm (London time) on the business day immediately before the Hearing Date (as defined below) and on terms that they are bound by the Scheme. Holders of WMI Group Shares are not entitled to vote at the Court Meeting, but are entitled to vote at the Extraordinary General Meeting. In order to become effective, the Scheme must then be sanctioned by the English High Court at the Court Hearing (as defined below) and an office copy of the Order of the English High Court must be registered with the Registrar of Companies in England and Wales by no later than December 31, 1998.

Holders of ADRs will be entitled to direct the Depositary (as defined below) to vote on the Scheme pursuant to the terms of the Deposit Agreement dated as of April 1, 1992, among Citibank, N.A., as Depositary, the

Company and the holders from time to time of ADRs (the "Deposit Agreement"). The applicable terms of the Deposit Agreement and the means by which holders of ADRs may vote on the Scheme are set forth in "Item 11--Contracts, Arrangements or Understandings with Respect to the Issuer's Securities". Holders of ADRs who wish to attend the Court Meeting or the Extraordinary General Meeting should take steps to present their ADRs to the Depositary for cancellation, as such steps are described in the Depositary Notice (as defined below) to which this Transaction Statement is attached, so that they become registered holders of Ordinary Shares prior to 5:30 pm (London time) on October 5, 1998, two days before those meetings.

As discussed below in "Item 7--Purpose(s), Alternatives, Reasons and Effects", directors of the Company who are independent of WMI and its subsidiaries, other than the Company and its subsidiaries (the "Independent Directors"), negotiated the terms and conditions of the Proposal on an arm's length basis with Old WMI. The Independent Directors, who have been so advised by KPMG Corporate Finance, a division of KPMG ("KPMG Corporate Finance"), consider that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned. In providing financial advice to the Company, and in particular the Independent Directors, in relation to the terms of the Proposal, KPMG Corporate Finance has taken into account the Independent Directors' commercial assessments of the Proposal.

The Independent Directors unanimously recommend that Scheme Shareholders approve the Scheme and vote in favor of the resolutions necessary to implement it. The Independent Directors intend to vote their own beneficial holdings to approve the Scheme at the Court Meeting and in favor of the special resolution to be proposed at the Extraordinary General Meeting. The holders of WMI Group Shares have confirmed that they intend to vote in favor of the special resolution to be proposed at the Extraordinary General Meeting. Accordingly, should the holders of WMI Group Shares so vote, the special resolution will be passed.

The Proposal was also approved by the Board of Directors of Old WMI (the "Old WMI Board"). In making its determination, the Old WMI Board received a fairness opinion from Merrill Lynch & Co., Inc. ("Merrill Lynch") that the transaction is fair to Old WMI.

On March 10, 1998, Old WMI entered into a definitive merger agreement (the "Merger Agreement") with USA Waste Services, Inc. ("USA Waste") which provided, subject to the satisfaction of the conditions contained therein, that a wholly-owned subsidiary of USA Waste would be merged with and into Old WMI (the "Merger"). On July 16, 1998, the Merger was consummated. Upon consummation of the Merger, Old WMI became a direct, wholly-owned subsidiary of USA Waste and changed its name to Waste Management Holdings, Inc. and USA Waste changed its name to Waste Management, Inc. The newly-renamed Waste Management, Inc. is referred to herein as "WMI".

The description of the implementation of the Scheme speaks as of the time that this Transaction Statement will be sent to Scheme Shareholders.

SPECIAL FACTORS

Purpose(s), Alternatives, Reasons and Effects

The purpose of the Scheme is for the Company to become an indirect, wholly-owned subsidiary of Old WMI and, as a result of the Merger, an indirect, wholly-owned subsidiary of WMI, while providing Scheme Shareholders and ADR holders with the opportunity to realize the value of their investment in the Company in cash at a premium to the market prices for Ordinary Shares and ADRs prior to the announcement of the Proposal.

The completion of the Scheme will enable WMI to manage its world-wide waste services business as a single enterprise. The principal benefits of the completion of the Scheme to WMI, WMI's affiliates and the Company are the following: (i) simplifying their corporate structure; (ii) eliminating the expenses resulting from the Company's public status; (iii) providing enhanced tax planning opportunities; (iv) reducing overall operating and administrative costs; (v) enhancing operating flexibility and (vi) streamlining decision-making.

The detriment of the completion of the Scheme to WMI, WMI's affiliates and the Company may be that as a wholly-owned subsidiary of WMI, the Company is less able to obtain direct access to the equity markets for

funding and will not be able to use stock as acquisition capital. In addition, another detriment to WMI and its affiliates will be the cash outlay by WMI required to complete the Scheme.

The material benefits to the holders of Ordinary Shares and ADRs are the following: (i) realizing the value of their investment in the Company in cash at a substantial premium to the market prices for Ordinary Shares and ADRs prior to the announcement of the Proposal and (ii) eliminating the risk of a decline in the value of their investment in the Company.

The detriment of the completion of the Scheme to holders of Ordinary Shares and ADRs is that they will cease to have any ownership interest in the Company and will cease to participate in future earnings and growth, if any, of the Company. In addition, certain Scheme Shareholders and ADR holders will recognize a taxable gain upon the completion of the Scheme.

Upon completion of the Scheme, Scheme Shareholders will have the right to receive the Ordinary Shares Consideration and ADR holders will have the right to receive the ADRs Consideration. In addition, upon completion of the Scheme, public trading of the Ordinary Shares and the ADRs will cease.

A US Holder (as defined below) will generally recognize gain or loss for US federal income tax purposes equal to the difference between such holder's adjusted tax basis in the Scheme Shares or ADRs and the amount of cash received. Any gain realized by a person other than a US Holder upon such holder's disposition of Scheme Shares or ADRs generally will not be subject to US federal income taxation unless such holder has certain contacts with the US.

See "Item 7--Purpose(s), Alternatives, Reasons and Effects" for a more detailed discussion of these matters.

Fairness of the Transaction

The Company believes that the transaction described in this Transaction Statement is fair to the Scheme Shareholders. All of the Independent Directors are unaffiliated with Old WMI and any of its affiliates, other than the Company and its subsidiaries (collectively, the "Company Group"). The Independent Directors represented the interests of, and negotiated on an arm's length basis with Old WMI on behalf of, the Scheme Shareholders.

In determining the fairness of the terms of the Proposal, the following factors, among others, were relevant and supported the determination of the Independent Directors to recommend the Scheme: (i) the procedural safeguards that were followed, such as the retention of independent financial and legal advisors by the Independent Directors; (ii) the terms and conditions of the Proposal including the requirement of approval of the Scheme by a majority in number of those voting representing three-fourths in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting convened by the English High Court and the requirement that the Scheme be sanctioned by the English High Court; (iii) the opinion of KPMG Corporate Finance as to the fairness from a financial point of view of the Ordinary Shares Consideration to be received by Scheme Shareholders and the analyses presented to the Independent Directors by KPMG Corporate Finance; (iv) the history of the negotiations with respect to the Proposal and (v) the fact that the Ordinary Shares Consideration and the ADRs Consideration represented substantial premiums over market prices for Ordinary Shares and ADRs prior to the announcement of the Proposal.

WMI has adopted the determination that the transaction described in this Transaction Statement is fair to the Scheme Shareholders. The following factors are relevant and support that determination: (i) the conclusion by the Independent Directors that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned, (ii) the Ordinary Shares Consideration and the ADRs Consideration are included within a number of the valuation ranges derived by the financial advisor engaged by Old WMI and (iii) the procedural safeguards followed in negotiating the Proposal, including that: (w) the Independent Directors consisted of directors who are unaffiliated with Old WMI and any of its affiliates, other than the Company Group, and were appointed to represent the interests of, and to negotiate on an arm's length basis with Old WMI on behalf of, the Scheme Shareholders; (x) the Independent Directors retained and were advised by independent legal counsel; (y) the Independent Directors retained KPMG Corporate Finance as independent financial advisors to assist them in evaluating the Proposal and (z) the terms and conditions of the Proposal, including the amount

and form of consideration, resulted from active arm's length bargaining between the Independent Directors and Old WMI. The following conditions also ensure procedural and substantive fairness of the Proposal: (i) the completion of the Scheme is conditional upon the Scheme receiving the affirmative vote of the holders of a majority in number of those voting representing three-fourths in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting convened by the English High Court and (ii) the completion of the Scheme is conditional upon the Scheme being sanctioned by the English High Court.

See "Item 8--Fairness of the Transaction" for a more detailed discussion of the fairness of the transaction.

Reports, Opinions, Appraisals and Certain Negotiations

The Independent Directors have retained KPMG Corporate Finance to act as their financial advisors with respect to the Proposal and related matters. KPMG Corporate Finance has provided a written opinion that the consideration is fair from a financial point of view to the holders of Scheme Shares and is fair and reasonable so far as Scheme Shareholders are concerned. See "Item 9--Reports, Opinions, Appraisals and Certain Negotiations--Opinion of Financial Advisor of the Company" for a detailed discussion of KPMG Corporate Finance's opinion.

Old WMI engaged Merrill Lynch to act as Old WMI's exclusive financial advisor in connection with the Proposal. The Old WMI Board received a fairness opinion from Merrill Lynch that the transaction is fair to Old WMI. See "Item 9--Reports, Opinions, Appraisals and Certain Negotiations--Opinion of Financial Advisor of Old WMI" for a detailed discussion of Merrill Lynch's opinion.

ITEM 1. ISSUER AND CLASS OF SECURITY SUBJECT TO THE TRANSACTION

(a) The name of the issuer is Waste Management International plc, a company incorporated in 1991 with limited liability and registered in England and Wales, and the address of its registered office is 3 Shortlands, Hammersmith International Centre, London, W6 8RX, England.

(b) The equity securities which are the subject of the Rule 13e-3 transaction are the Company's Ordinary Shares, par value 10p per share, and ADSs evidenced by ADRs (each ADS representing two Ordinary Shares). An aggregate of 375,273,456 Ordinary Shares, including Ordinary Shares represented by 23,215,362 ADRs, were outstanding as of December 31, 1997. The Company had 422 holders of record of the Ordinary Shares and 584 holders of record of the ADRs as of July 28, 1998.

(c) The Ordinary Shares are traded on the London Stock Exchange under the symbol "WMG". The ADRs are traded on the New York Stock Exchange ("NYSE") under the symbol "WME". The following table shows the per share high and low sales price as reported on the London Stock Exchange for the Ordinary Shares and on the NYSE for the ADRs for the periods indicated and for June 26, 1998 (the last full trading day prior to the day on which the Proposal was publicly announced). Holders of Ordinary Shares and ADRs are encouraged to obtain current market quotations for Ordinary Shares and ADRs.

	MARKET PRICE OF ORDINARY SHARES (P)		MARKET PRICE OF ADRS (\$)	
	HIGH	LOW	HIGH	LOW
1996				
First Quarter.....	344.0	311.0	10 7/8	9 1/8
Second Quarter.....	395.0	319.0	12 1/8	9 3/4
Third Quarter.....	365.0	291.0	11 1/8	9
Fourth Quarter.....	292.5	243.0	9 1/8	7 7/8
1997				
First Quarter.....	260.0	223.0	8 1/2	7
Second Quarter.....	282.0	237.5	9 3/8	7 1/2
Third Quarter.....	279.0	251.5	9 3/8	7 15/16
Fourth Quarter.....	261.0	176.0	8 1/2	5 3/4
1998				
First Quarter.....	228.0	176.0	7 11/16	5 7/16
June 26 (at close).....	247.5		8 5/8	

(d) The Company has not paid dividends with respect to Ordinary Shares or ADRs. Payment of dividends is governed by the Master Dividend Agreement, discussed in "Item 16--Additional Information--Certain Agreements".

(e) During the past three years, neither the Company, WMI nor Old WMI has made an underwritten public offering of Ordinary Shares or ADRs for cash which was registered under the Securities Act of 1933 or exempt from registration thereunder pursuant to Regulation A.

(f) Neither the Company, WMI nor Old WMI has purchased any Ordinary Shares or ADRs since the commencement of the Company's second full fiscal year preceding the date of this Transaction Statement.

ITEM 2. IDENTITY AND BACKGROUND

The Parties

This Transaction Statement is being filed by WMI and the Company. The principal executive offices of WMI are located at 1001 Fannin, Suite 4000, Houston, Texas 77002. The telephone number of WMI is (713) 512-6200.

WMI, together with its subsidiaries, including Old WMI, is a leading international provider of waste management services. WMI is the largest waste management services company in North America and has an extensive network of landfills, collection operations and transfer stations throughout North America. Through Wheelabrator Technologies Inc. ("WTI"), WMI is a leading developer of facilities for, and provider of services to, the trash-to-energy and waste-fuel powered independent power markets. The Company is a leading international provider of waste management services and conducts substantially all of the waste management operations of WMI located outside of North America.

The Company provides a wide range of solid and hazardous waste management services, including the collection, transportation, storage, treatment, recycling and disposal of waste. It develops and operates water and wastewater treatment facilities and it performs certain related environmental services. Such services are integrated to varying degrees in different markets depending on facilities, regulatory limitations and the stage of market penetration. The Company currently operates in 18 countries.

On March 10, 1998, Old WMI entered into the Merger Agreement with USA Waste which provided, subject to the satisfaction of the conditions contained therein, that a wholly-owned subsidiary of USA Waste would be merged with and into Old WMI. On July 16, 1998, the Merger was consummated. In connection with the Merger, a Joint Proxy Statement/Prospectus was sent to the shareholders of each of Old WMI and USA Waste (the "Joint Proxy Statement"). The Joint Proxy Statement contains descriptions of the businesses of WMI, Old WMI and USA Waste. See "Item 16--Additional Information--Incorporation of Certain Information by Reference" for information on how to obtain copies of the Joint Proxy Statement and other reports, proxy statements and other information filed with the Securities and Exchange Commission (the "SEC") by WMI, Old WMI and USA Waste.

The Directors and Officers of WMI and the Company

Material occupations, positions, offices or employments during the last five years and the citizenship of directors and officers of WMI are set forth in Schedule B attached hereto.

Material occupations, positions, offices or employments during the last five years and the citizenship of directors and officers of the Company are set forth in Schedule C attached hereto.

Pursuant to the disclosure requirements of Schedule 13E-3 under the Exchange Act, neither the Company, WMI nor any of their officers or directors has during the last five years been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Pursuant to the disclosure requirements of Schedule 13E-3 under the Exchange Act, neither the Company, WMI nor any of their officers or directors was during the past five years a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining further violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS

Background of the Proposal

In January 1995, the Old WMI Board reviewed and approved several management recommendations arising out of a comprehensive review of its long-range strategic plans. Among the conclusions reached were that Old WMI should seek, over time and as appropriate, to: (i) reduce its level of capital expenditures, particularly in the area of business acquisitions, and seek to generate increasing levels of free cash flow which could be used to repurchase common stock or repay debt, as appropriate, (ii) adopt a more balanced approach to revenue growth, emphasizing organic growth over acquisitions, (iii) consider divestitures of business units which were not closely integrated with Old WMI's core waste management services business or which were identified as under-performing, (iv) identify opportunities to reduce operating costs through adoption of standardized best operating practices and through reengineering certain business processes and systems to take increased advantage of economies of scale and (v) simplify Old WMI's corporate structure.

Pursuant to these long-range strategic plans, Old WMI periodically considered the acquisition of the publicly held minority interests in its various subsidiaries. As a result, since 1995 Old WMI has acquired the publicly held shares in the following of its majority-owned subsidiaries: Chemical Waste Management, Inc. ("CWM"), Rust International Inc. ("Rust") and WTI. Over the course of the last two years, the Old WMI Board, from time to time considered acquiring the outstanding public shares of the Company (the "Minority Shares") as another step in eliminating Old WMI's public subsidiary structure.

Following the January 1995 meeting of the Old WMI Board and from time to time through the end of 1996, Dean L. Buntrock and Phillip B. Rooney, then Chairman of the Board and President of Old WMI, respectively, discussed with certain members of the Board of Directors of the Company (the "Company Board") the possibility that Old WMI might make a proposal to acquire all of the Minority Shares. In January 1997, senior management of Old WMI requested the members of the Audit Committee of the Company Board (the "Audit Committee"), to retain independent financial and legal advisors to advise the Audit Committee in the event that Old WMI made a proposal to acquire the Minority Shares. The Audit Committee, comprised solely of directors who are independent of Old WMI and its subsidiaries (other than the Company Group), has and had full authority to act on behalf of the Company Board in connection with any transaction involving a conflict or potential conflict of interest with Old WMI or any of its subsidiaries (other than the Company Group). Following that approach, the Independent Directors did take advice from financial and legal advisors. In March 1997, however, Mr. Buntrock informed Sir William Barlow, the Chairman of the Audit Committee, that the Old WMI Board had determined not to make any proposal to acquire the Minority Shares because the Old WMI Board had concluded that a purchase of the Minority Shares would not be the most effective use of Old WMI's available cash resources at that time. No further discussions were held.

In June 1997, the Old WMI Board considered going private transactions with respect to each of the Company and WTI. The Old WMI Board decided that it was in the best interests of Old WMI for its management to focus only on one going private transaction at a time and that management should proceed with the WTI transaction. The Old WMI Board elected to proceed first with the WTI transaction because the Board felt that completion of that transaction would provide the greatest value to Old WMI's shareholders.

On January 30, 1998, Robert S. Miller, then Acting Chairman of the Board and Chief Executive Officer of Old WMI, attended a meeting of the Company Board at which he expressed his intention to recommend that the Old WMI Board authorize senior management of Old WMI to make a proposal for the Minority Shares. At that

meeting, he requested the Independent Directors to begin the process of selecting independent financial and legal advisors to assist them in responding to any such proposal from Old WMI.

At that same meeting, the Company Board received a report from Company management regarding various alternatives for distributing cash to shareholders, as well as management's views on preserving cash resources for future business development opportunities. The report was based on a comprehensive study undertaken in 1997 at the direction of the Company Board pursuant to which the following alternatives were considered and analyzed: institution of a regular dividend at a sustainable level; payment of a one-time special dividend; a capital reorganization to be followed by a share buyback; a pro rata repurchase offer to be made to all Company shareholders (including Old WMI and its subsidiaries); a partial tender offer for the Minority Shares; and an "any or all" tender offer for the Minority Shares. The Company Board had previously considered such alternatives in 1997 and had determined not to undertake any such transaction based upon a number of considerations, principally including: (i) the limited distributable reserves available to the Company; (ii) the potential to breach minimum equity levels required to be maintained under the terms of the Company's syndicated credit facility; (iii) potential tax issues; (iv) limitations under the Master Dividend Agreement (see "Item 16--Additional Information--Certain Agreements" for a description of the Master Dividend Agreement); (v) concerns over the impact of share repurchase transactions on the liquidity of Ordinary Shares and ADRs, particularly as they related to the Company's listing on the London Stock Exchange; and (vi) the effect on available cash resources and earnings per share.

At the January 1998 meeting, management revisited the earlier conclusions and recommended that the Company Board reconsider a potential offer to repurchase the Minority Shares on the basis that this scenario offered shareholders the best opportunity to realize value for their investment in the Company over the next three to five years. In the alternative, management recommended that the Company institute a small annual dividend with the intention of conserving available cash resources to pursue new business development opportunities. The Company Board deferred consideration of these alternatives in light of the proposal made by Mr. Miller at the meeting.

Immediately following that meeting, the Independent Directors met and decided to retain Slaughter and May to act as independent legal advisors in connection with the evaluation and negotiation of any forthcoming proposal from Old WMI. In addition, the Independent Directors discussed the requirements for selecting an independent financial advisor, the qualifications and experience required of such an advisor, and the procedure to be utilized for selecting an investment advisor. The Independent Directors decided to solicit written proposals from four financial advisors selected by the Independent Directors based upon their general reputation and experience in mergers and acquisitions and similar transactions.

Following receipt of submissions from the four financial advisors and distribution to the Independent Directors of the terms of such proposals and the relevant experience of each firm in comparable transactions, the Independent Directors agreed on February 20, 1998 to retain KPMG Corporate Finance. On February 21, 1998, and prior to agreeing the terms of engagement with KPMG Corporate Finance, Mr. Miller advised the Company that senior management of Old WMI had determined not to proceed with a proposal to acquire the Minority Shares at that time because of concerns over the availability of financing for the proposal. Therefore, no further negotiations were held and no engagement letter was signed with KPMG Corporate Finance.

On March 10, 1998, Old WMI and USA Waste jointly announced that they had entered into the Merger Agreement.

In April 1998, senior management of Old WMI began again to evaluate and develop more specifically a proposal to acquire the Minority Shares of the Company. After consulting with Merrill Lynch, Old WMI's financial advisors, senior management determined to recommend to the Old WMI Board that Old WMI acquire

the Minority Shares for cash. Senior management decided to make such recommendation at this time in view of the Old WMI Board's strategic objective concerning Old WMI's capital structure, and the other conclusions stated above, and because financing for such a transaction was then determined to be available. In reaching this decision, senior management of Old WMI believed that the acquisition of the Minority Shares would enable Old WMI to manage its world-wide waste services business as a single enterprise, simplify Old WMI's corporate structure, reduce overall operational and administrative costs, eliminate the expenses of running a separate publicly traded subsidiary and streamline decision-making.

On April 30, 1998, at a meeting of the Company Board, Mr. Miller informed the Independent Directors that the financing concerns identified on February 21, 1998 appeared to be on their way toward a satisfactory resolution and that he intended to recommend to the Old WMI Board at its meeting scheduled for May 15, 1998 that Old WMI make a proposal to acquire the Minority Shares. Mr. Miller requested that the Independent Directors finalize the selection of independent financial and legal advisors in anticipation of such a proposal and commence the process of valuing the Minority Shares for purposes of a going-private transaction.

Immediately following that meeting, the Independent Directors met separately and agreed to retain Slaughter and May as legal advisors to the Independent Directors and authorized Sir William Barlow to negotiate the terms of engagement with KPMG Corporate Finance to act as financial advisors to the Company, and in particular the Independent Directors. KPMG Corporate Finance was engaged to analyze and provide advice to its clients with respect to the proposal and to assist in any negotiations with respect to such a transaction. On May 12, 1998, Sir William Barlow met with KPMG Corporate Finance, Slaughter and May and Stephen P. Stanczak, Vice President--Legal Affairs and Company Secretary, to discuss the review and analysis process which KPMG Corporate Finance would conduct, various valuation methodologies, a timetable for any transaction should a proposal be forthcoming from Old WMI and the appropriate structure or structures for such a transaction. Over the next several weeks, KPMG Corporate Finance conducted its review and analysis of the Company. See "Item 9--Reports, Opinions, Appraisals and Certain Negotiations--Opinion of Financial Advisor of the Company" for a discussion of KPMG Corporate Finance's evaluation of the Company and Old WMI's proposal to acquire the Minority Shares.

In order to facilitate their review and analysis of the Company, Old WMI's financial advisors had requested that the Company prepare five-year financial projections for the Company's operating businesses, in addition to the three-year projections customarily prepared by the Company (the "Financial Projections"). The Financial Projections were furnished to KPMG Corporate Finance and Merrill Lynch on or about May 13, 1998. A discussion of the Financial Projections and the material assumptions underlying them is set forth in "Item 16--Additional Information--Certain Financial Projections of the Company".

At the May 15, 1998 Old WMI Board meeting, the Old WMI Board reviewed senior management's recommendation that Old WMI acquire the Minority Shares in the Company for cash. At the meeting, senior management outlined the potential advantages in operating benefits, cost efficiencies, organizational simplification and tax-related benefits that might be realized if the Company were to become a wholly owned subsidiary of Old WMI. After discussing these matters, the Old WMI Board approved the making of a proposal to acquire, for cash, all of the Minority Shares in the Company. The Old WMI Board delegated to senior management the authority to determine and negotiate the terms of a transaction on behalf of Old WMI, subject to final approval by the Old WMI Board.

Shortly thereafter, Mr. Miller initiated specific discussions with Sir William Barlow concerning the Proposal. On May 29, 1998, Mr. Miller delivered to Sir William Barlow a letter on behalf of the Old WMI Board, the text of which follows:

Dear Sir William:

This will follow up on and confirm our conversation earlier this week. During our conversation, I indicated to you that the Waste Management, Inc. ("WMX") Board of Directors has authorized me to initiate discussions with the independent directors of Waste Management International plc ("WME") with respect to a transaction

involving the acquisition of all of the outstanding ordinary shares of WME not owned by WMX and its affiliates. Our advisors have recommended that any such transaction take the form of a "scheme of arrangement" under Section 425 of the Companies Act of 1985. I indicated to you that WMX would support such a transaction priced at the equivalent of US\$9.50 per American Depository Receipt (US\$4.75 per ordinary share). Most importantly, I indicated to you that WMX's proposal is subject to several conditions, including a requirement that the independent, non-executive directors of WME would recommend such a transaction to the public shareholders of WME.

I understand that both WME's and WMX's financial advisors are engaged in the due diligence and financial analysis process, and that WME's advisors are expected to report to the WME Audit Committee on June 4. I will be on holiday during the period of June 6 through June 14, and would suggest that communications during this period either be through our financial advisors, or be directed to Herb Getz, in my absence.

I will look forward to hearing back from you at your convenience.

Very truly yours,

/s/ Robert S. Miller
Robert S. Miller
Chairman of the Board and
Chief Executive Officer

On June 4, 1998, the Independent Directors (except for Mr. Scholz who was unable to attend) met with representatives of KPMG Corporate Finance, Slaughter and May and Mr. Stanczak. At the meeting, KPMG Corporate Finance reviewed the status of the review and analysis of the Company, which was substantially complete by that point. The Independent Directors and their advisors also considered whether there were any potential alternative transactions involving the sale of the Company or a significant part of its business to a third party and concluded that such a transaction was unrealistic given the expressed intention of Old WMI to retain the international operations of the Company. The Independent Directors and their advisors also considered the possibility to postpone consideration of a proposal to acquire the Minority Shares in light of the pending Merger and in order to afford certain underperforming operations, primarily in Italy, a further opportunity to demonstrate improved results. The Independent Directors concluded that there could be no assurance that the Company's operating and financial results would improve in the near term such that delaying the transaction could be reasonably expected to result in any significant increase in the value of the Ordinary Shares. The Independent Directors also determined that the possibility of receiving shares of Old WMI (or WMI following completion of the Merger) should be explored as part of any counteroffer. The Independent Directors decided that it was appropriate to proceed with negotiations with Old WMI and authorized Sir William Barlow to make a counteroffer of \$12.50 per ADR and to investigate together with Old WMI the feasibility of modifying the proposal to offer shareholders the option to receive either cash or common stock of Old WMI for the Minority Shares.

On June 5, 1998, Sir William Barlow contacted Mr. Miller and advised him that the Independent Directors could not recommend the price of \$9.50 per ADR as proposed by Old WMI. In that conversation, Sir William Barlow and Mr. Miller agreed to a meeting between KPMG Corporate Finance and Merrill Lynch to take place the following week. Sir William Barlow also asked that Old WMI consider offering shareholders the option to receive either cash or shares of Old WMI common stock in exchange for the Minority Shares. On June 10 and 11, 1998, representatives of the Company and KPMG Corporate Finance met with representatives of Merrill Lynch. At that meeting, KPMG Corporate Finance discussed with Merrill Lynch its analyses relating to the valuation of the Company and the principal methodologies it had used. The financial advisors also discussed the advisability and practicality of making a proposal which included an option to elect to receive shares of Old WMI common stock and concluded that such a transaction was probably not appropriate in light of the additional complexity and likely delays which would result from making such an option available.

Following the meetings in London on June 10 and 11, KPMG Corporate Finance discussed with Sir William Barlow potential responses to the original offer submitted by Old WMI based upon the results of its meetings with Merrill Lynch. During this same period, Merrill Lynch worked with senior management of Old WMI to prepare its response to the analysis of KPMG Corporate Finance. In the period between June 11 and June 16, Sir William Barlow held a series of telephone conversations with the other Independent Directors in which he informed them of the results of the meetings between the companies' financial advisors and obtained their approval to proceed with the counteroffer as agreed at the June 4 meeting of the Independent Directors.

Sir William Barlow contacted Mr. Miller on June 16 and proposed a counteroffer of \$12.50 per ADR. Mr. Miller expressed reservations over the price requested by the Independent Directors. Mr. Miller proposed a meeting to take place the following week between himself and Old WMI's financial advisors and Sir William Barlow and the Company's financial advisors.

Following this conversation, Mr. Miller asked Merrill Lynch to contact KPMG Corporate Finance to discuss Merrill Lynch's response to the analysis of KPMG Corporate Finance in order to facilitate an agreement as to the purchase price for the Ordinary Shares. On June 17, representatives of Merrill Lynch discussed with representatives of KPMG Corporate Finance Merrill Lynch's analysis relating to the valuation of the Company and their response to the analysis prepared by KPMG Corporate Finance.

On June 23, 1998, Mr. Miller and Sir William Barlow met and each presented their analyses of the appropriate value of the Ordinary Shares and ADRs. At that meeting, they considered the advice of the companies' respective financial advisors regarding offering Scheme Shareholders an option to receive cash or Old WMI common stock. Mr. Miller and Sir William Barlow concluded that such option would significantly increase the complexity of any potential transaction, particularly in light of the pending Merger which remained subject to shareholder and regulatory approval. Such an option would also very likely delay completion of any transaction. They also reached the conclusion in acknowledgment of the fact that any Scheme Shareholder could, if he so desired, use the proceeds of the Scheme to purchase shares of the parent company. Sir William Barlow and Mr. Miller then agreed to a cash transaction price of 345p per Ordinary Share (approximately \$11.50 per ADR based on the US dollars/pounds sterling exchange rate at the time). Legal and financial advisors to the Company and Old WMI then joined Mr. Miller and Sir William Barlow to further discuss additional terms and conditions of the Proposal which included: (i) the Proposal being approved by the full committee of Independent Directors, (ii) receipt by the Independent Directors of a written opinion of KPMG Corporate Finance that such consideration is fair from a financial point of view to the Scheme Shareholders and fair and reasonable so far as the Scheme Shareholders are concerned, (iii) approval of the Proposal by the Old WMI Board, (iv) receipt by the Old WMI Board of a written opinion of Merrill Lynch that the consideration to be paid is fair to Old WMI from a financial point of view and (v) agreement on additional customary terms and conditions of the Proposal.

On June 29, 1998, the Independent Directors met with KPMG Corporate Finance, Slaughter and May and Mr. Stanczak to review the final analyses prepared in connection with the Proposal. KPMG Corporate Finance also delivered its written opinion to the Independent Directors that the Proposal is fair from a financial point of view to the Scheme Shareholders and fair and reasonable so far as the Scheme Shareholders were concerned. See "Item 9--Reports, Opinions, Appraisals and Certain Negotiations--Opinion of Financial Advisor of the Company" for a discussion of KPMG Corporate Finance's written opinion. The Independent Directors reviewed the terms and conditions of the Proposal as set forth in a proposed press release which the Independent Directors approved for release following confirmation that the Proposal had been approved by the Old WMI Board.

In deliberating on the Proposal, the Independent Directors assessed the Company Group's growth potential and the possibility for increasing shareholder value through the mechanisms addressed at the January 1998 Company Board meeting. This assessment also included consideration of the difficult trading and operational conditions being experienced within certain of the Company Group's businesses and the lack of suitable short term investment and acquisition opportunities. The results of this process led the Independent Directors to conclude that there is limited prospect of an improvement in the financial performance of the Company Group occurring in the short term such as would result in a significant upward revaluation of the Company's share price.

The Independent Directors also took into account a number of other factors. In particular, the Independent Directors acknowledged the intention of Old WMI to retain its controlling interest in the Company as well as the potential restrictions on any such sale which would result under the accounting rules applicable to the Merger. This intention necessarily precluded any investigation into the possibility of selling the Company to a third party. In addition, the Independent Directors concluded that it was unlikely that access to the equity markets would be required to fund growth in the foreseeable future, as the Company was likely to have sufficient credit facilities available to it both from Old WMI and from the financial markets and that debt finance was likely to be the preferred means of financing the Company Group's anticipated needs. Furthermore, in the anticipated absence of future equity offerings and issues of Ordinary Shares for the purpose of acquiring additional businesses, it was not clear that the significant expenses which result from the Company's public status continue to be justified. The Independent Directors also concluded that none of the mechanisms considered which may have increased shareholder value were sufficiently certain or adequate to offer greater attraction than approval of the Proposal.

In light of the above, the Independent Directors considered that it was appropriate for the Scheme Shareholders to be given the opportunity to realize their investment in the Company on terms which the Independent Directors considered fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, the Independent Directors unanimously adopted resolutions approving the Proposal, granting authority to any two Independent Directors or any one Independent Director and Mr. Stanczak to take such actions as may be required in furtherance of the Proposal, and to recommend to Scheme Shareholders that they vote in favor of the Proposal at the Court Meeting and the Extraordinary General Meeting.

Also on June 29, 1998, the Old WMI Board met with financial and legal advisors to discuss: (i) the Proposal, (ii) drafts of the news releases announcing the Proposal and (iii) a draft of Merrill Lynch's opinion to the Old WMI Board that the consideration to be paid by Old WMI pursuant to the Proposal was fair from a financial point of view to Old WMI. See "Item 9--Reports, Opinions, Appraisals and Certain Negotiations--Opinion of Financial Advisor of Old WMI" for a discussion of Merrill Lynch's opinion to the Old WMI Board. After discussing these matters, the Old WMI Board unanimously voted to adopt resolutions approving the Proposal, approving the draft news releases and authorizing senior management to take all actions necessary to consummate the Proposal.

On June 29, 1998, Old WMI and the Company issued press releases disclosing that Old WMI and the Independent Directors had agreed on the terms of the Proposal.

Certain Agreements between the Company and its Affiliates

The Company has entered into certain agreements with Old WMI and various of its other subsidiaries that are described in "Item 16--Additional Information--Certain Agreements".

ITEM 4. TERMS OF THE TRANSACTION

Introduction

Pursuant to the terms of the Proposal, the Company would become an indirect, wholly-owned subsidiary of WMI, the holder indirectly of approximately 80 percent of the outstanding share capital of the Company as a result of the Merger. Holders of the approximately 20 percent outstanding share capital of the Company (including in the form of ADSs evidenced by ADRs) not currently owned by WMI and its subsidiaries would receive the Ordinary Shares Consideration or the ADRs Consideration, as the case may be. The Proposal will be implemented by means of the Scheme.

Conditions to the Scheme

The Proposal is conditional upon the Scheme becoming unconditional and becoming effective by not later than December 31, 1998 or such later date as the Company and Old WMI may agree and the English High Court may approve.

The consummation of the Proposal is subject to the following conditions:

1. the approval by a majority in number of those voting representing three-fourths in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting (as defined below) convened by order of the English High Court;
2. the special resolution required to approve and implement the Scheme being passed at an Extraordinary General Meeting (described below) of the Company;
3. the sanction (with or without modification) of the Scheme and confirmation of the reduction of capital involved therein by the English High Court and an office copy of the Order of the Court being delivered for registration to the Registrar of Companies in England and Wales (and registered by him in relation to the reduction of capital);
4. no government or governmental, quasi-governmental, supranational, statutory or regulatory body, trade agency, court or other body or person in any jurisdiction having instituted, implemented or threatened any action, proceedings, suit, investigation or inquiry, or having enacted, made or proposed any statute, regulation or order or taken any measures or other steps, that would or might make the Scheme or any part of it or the issue of this Transaction Statement, void, unenforceable or illegal, or directly or indirectly restrain, restrict, prohibit, delay or otherwise interfere in a material way with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge or in a material way hinder, the Scheme or any part of it or this Transaction Statement, or (except as fairly disclosed to Old WMI or any of its subsidiaries other than the Company Group prior to June 29, 1998) otherwise materially and adversely affect the business, profits or prospects of the Company Group taken as a whole;
5. all authorizations, orders, grants, recognitions, confirmations, consents, clearances, permissions and approvals ("authorizations") and determinations which are material in the context of the Company Group taken as a whole or the Scheme and which are necessary or appropriate in any jurisdiction for or in respect of the Scheme and each part of it being obtained in terms and in a form reasonably satisfactory to Old WMI from any persons or bodies (including, without limitation, any government or governmental, quasi-governmental, supranational, statutory or regulatory body, trade agency or court) with whom any member of the Company Group has entered into contractual arrangements (other than any such authorization or determination required only from Old WMI itself or any company controlled in relation to any such authorization or determination by Old WMI, if any) and such authorizations and determinations together with all authorizations and determinations (other than any such authorization or determination required only from Old WMI itself or any company controlled in relation to any such authorization or determination by Old WMI, if any) which are material in the context of the Company Group taken as a whole or the Scheme and which are necessary or appropriate for any member of the Company Group to carry on its business remaining in full force and effect and there being no indication of any intention to revoke, suspend, restrict, modify or not renew any of the same and all appropriate waiting periods under any applicable legislation and regulations in any jurisdiction which are material in the context of the Company Group taken as a whole or the Scheme and all necessary statutory or regulatory obligations in any jurisdiction which are material in the context of the Company Group taken as a whole or the Scheme having been complied with;
6. there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Company Group is a party or by or to which any member of the Company Group or any part of its assets may be bound, entitled or subject which would or might, as a result of the Scheme or any part of it, to an extent which is material in the context of the Company Group taken as a whole or the Scheme, result in (i) any moneys borrowed or other indebtedness (actual or contingent) of any member of the Company Group being or becoming repayable or capable of being declared repayable prior to its stated maturity or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited; (ii) any such arrangement, agreement, licence or instrument being breached, terminated or materially modified or any onerous obligation or liability arising or any material action being taken or right to take the same arising thereunder; (iii) the interests of any

member of the Company Group with any person under any such arrangement, agreement, licence or instrument or the interests or business of any such member in or with any other person or body (or any arrangements relating to such interests or business) being terminated, modified or materially adversely affected or any right to so terminate, modify or affect arising, and there being no indication of any intention to so terminate, modify or affect or (iv) the respective financial or trading position or prospects of any such member being prejudiced or adversely affected; and

7. since March 31, 1998, and except for any matter fairly disclosed to Old WMI or any of its subsidiaries other than any member of the Company Group prior to June 29, 1998, (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of the Company or any other member of the Company Group which is material in the context of the Company Group taken as a whole; (ii) no litigation or arbitration, prosecution or other legal proceedings having been instituted or threatened by or against or otherwise involving any member of the Company Group and no investigation by any relevant authority against or in respect of any member of the Company Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any such member and which in any such case might materially and adversely affect the Company Group taken as a whole and (iii) no contingent or other liability having arisen which is likely materially and adversely to affect the Company Group taken as a whole.

Old WMI reserves the right, in its absolute discretion, to waive all or any of the conditions in paragraphs 4 through 7 above, in whole or in part.

Scheme Stages

Procedurally, the Scheme can generally be divided into three stages: (i) applying to the English High Court for an order directing a meeting of Scheme Shareholders to be held (the "Court Meeting"); (ii) holding the Court Meeting to consider the Scheme and holding the Extraordinary General Meeting (described below) to pass the special resolution required to give effect to the Scheme and (iii) applying to the English High Court for the Scheme to be sanctioned. These stages are discussed in greater detail below.

The Company initiated the Scheme by applying to the English High Court for an order to allow the Company to convene the Court Meeting and to send out to all Scheme Shareholders the Scheme Document, attached as Schedule A hereto. The Scheme Document is comprised of the following: (i) an introductory letter from the Chairman of the Committee of Independent Directors to Scheme Shareholders summarizing the Scheme; (ii) an explanatory statement in compliance with Section 426 of the UK Companies Act; (iii) information on the Company; (iv) information on WMI; (v) the terms and conditions of the Scheme; (vi) certain tax information for UK and US holders of Ordinary Shares or ADRs; (vii) certain additional information; (viii) a formal technical document setting out the proposals embodied in the Scheme; (ix) the notice of the Court Meeting to vote on the Scheme and (x) the notice of the Extraordinary General Meeting of the Company. The English High Court has issued an order to convene the Court Meeting and has directed that a copy of the Scheme Document be sent to each Scheme Shareholder at his or her registered or last known address.

The second stage in the Scheme process involves holding the Court Meeting and the Extraordinary General Meeting. Pursuant to the English High Court order, the Scheme Document will have been distributed to the Scheme Shareholders prior to the Court Meeting. Scheme Shareholders may attend the Court Meeting in person or appoint another as a proxy in their place. An appropriate form of proxy has been sent to each Scheme Shareholder with the notice of meeting.

There are no quorum requirements for the Court Meeting and all Scheme Shareholders who send in a proxy will be counted in the voting as well as Scheme Shareholders attending the Court Meeting in person. There are two elements to the majority required to sanction the Scheme: (i) a majority in number of those voting representing (ii) three-fourths in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting. The Court Meeting will be held at the offices of Slaughter and May, 4 Coleman Street, London EC2V 5DB, at 10:00 am (London time) on October 7, 1998.

Because the Scheme involves the cancellation of the Scheme Shares by way of a reduction of the share capital of the Company, the Scheme also requires the passing of a special resolution by the holders of Ordinary Shares at the Extraordinary General Meeting to give effect to the Scheme. The special resolution also includes provisions amending the Articles of Association of the Company to ensure that any Ordinary Shares issued to any person before 5:30 pm (London time) on the business day immediately before the date of the hearing by the English High Court of the petition to sanction the Scheme (the "Hearing Date") will be subject to the Scheme and any Ordinary Shares allotted or issued after 5:30 pm (London time) on the business day immediately before the Hearing Date will not be subject to the Scheme but will be allotted and issued on terms that the relevant allottees and any subsequent holders of such Ordinary Shares will be obliged to transfer them to WMI or its nominee in consideration for the payment by WMI of 345p for each such Ordinary Share. This latter provision will ensure that WMI and its subsidiaries own or control all the Ordinary Shares in the Company if the Scheme becomes effective.

At the Extraordinary General Meeting, the special resolution must be approved by a majority of not less than 75 percent of votes cast. The quorum for the Extraordinary General Meeting is two shareholders present in person or by proxy. All shareholders, including holders of WMI Group Shares, are entitled to attend the Extraordinary General Meeting and vote on the special resolution. Holders of WMI Group Shares have confirmed that they intend to vote in favor of the special resolution to be proposed at the Extraordinary General Meeting. Accordingly, should the holders of the WMI Group Shares so vote, the special resolution will be passed. The Extraordinary General Meeting has been convened for 10:30 am (London time) (or as soon as possible thereafter as the preceding Court Meeting has been concluded or adjourned) on October 7, 1998 at the same location as the Court Meeting.

Holders of ADRs will be entitled to direct the Depositary to vote on the Scheme pursuant to the terms of the Deposit Agreement. The applicable terms of the Deposit Agreement and the means by which holders of ADRs may vote on the Scheme are set forth in "Item 11--Contracts, Arrangements or Understandings with Respect to the Issuer's Securities". Holders of ADRs who wish to attend the Court Meeting or the Extraordinary General Meeting should take steps to present their ADRs to the Depositary as such steps are described in the Depositary Notice to which this Transaction Statement is attached so that they become registered holders of Ordinary Shares prior to 5:30 pm (London time) on October 5, 1998, two days before those meetings.

The final stage of the Scheme involves obtaining approval of the Scheme by the English High Court. This is done by filing a petition with the English High Court together with supporting affidavits proving service of the notice of the Court Meeting and verifying the report as to the result of the Court Meeting. Once the relevant court officers have determined that all documentation is in order, the petition will be scheduled for a final hearing (the "Court Hearing"). Notice of the Court Hearing informing Scheme Shareholders and creditors of their right to attend the Court Hearing and to be heard by the English High Court will be published in the UK national press eight days prior to the Court Hearing. The Court Hearing is scheduled for November 2, 1998.

The English High Court has discretion whether or not to sanction the Scheme. In determining whether to exercise its discretion to sanction the Scheme, the English High Court will adopt an objective test and will assess whether the Scheme is such that an intelligent and honest holder of Scheme Shares, acting in respect of his or her interest, might reasonably approve the Scheme. In a scheme of arrangement involving a reduction of capital, the English High Court will also consider whether the interests of creditors are protected.

Once the English High Court approves the Scheme, an office copy of the Court Order will be filed with the Registrar of Companies in England and Wales. The Scheme will be effective and binding when this filing is made and registered by the Registrar of Companies. Once the Scheme becomes effective all of the Scheme Shares, without any further action by the Scheme Shareholders, will be canceled and retired and will cease to exist. Each Scheme Shareholder will thereafter cease to have any rights with respect to such shares, except the right of such Scheme Shareholder to receive, without interest, the Ordinary Shares Consideration. Holders of ADRs will also thereafter cease to have any rights with respect to such ADRs, except the right to receive, without interest, the ADRs Consideration.

Once the Scheme becomes effective and the Scheme Shares are canceled, the Company will issue new shares to designated subsidiaries of WMI in an amount equivalent to the reduction in capital resulting from the Scheme. Since the Scheme involves the issue of new shares and a reincrease of capital by an equivalent amount to the initial reduction, creditors of the Company will not be prejudiced by the Scheme. As noted above, the English High Court will sanction the Scheme only if it finds, among other things, that the reduction of capital involved in the Scheme will not prejudice creditors.

Settlement of Consideration

Subject to the Scheme becoming effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

Checks in respect of their cash entitlements under the Scheme will be mailed to Scheme Shareholders who hold their Scheme Shares in certificated form or who have made a Dollar Election (as described below) not later than 14 days after the date on which the Scheme becomes effective in accordance with its terms (the "Effective Date"). For Scheme Shares held in uncertificated form (except where the holder has made a Dollar Election), the cash consideration to which Scheme Shareholders are entitled will be paid by means of CREST (the relevant system, as defined in the Uncertificated Securities Regulations 1995 (the "Regulations") in respect of which CRESTCo. Limited is the "Operator" (as defined in the Regulations)) by processing the creation of an assured payment obligation in favor of the Scheme Shareholders' payment bank in respect of the cash consideration due, in accordance with the CREST assured payment arrangements, by no later than 14 days after the Effective Date. Entitlements under the Scheme will be determined by reference to registered holdings of Scheme Shares at 5:30 pm (London time) on the business day immediately preceding the Effective Date (the "Record Date").

Scheme Shareholders wishing to elect for the Dollar Election in respect of their Scheme Shares should take steps to complete, sign and return the Dollar Election Form as such steps are described in the Scheme Document. Elections for the Dollar Election must be made in respect of the whole of a Scheme Shareholder's holding and will be irrevocable once made. A Dollar Election will be valid in respect of all the Scheme Shares registered as at 5:30 p.m. (London time) on the Record Date in the name of the Scheme Shareholder who has made the election. Accordingly, if a Scheme Shareholder who has made a Dollar Election subsequently transfers some or all of his Scheme Shares and the transfer is registered before that time, the transferee shall receive the Sterling Consideration in respect of such Scheme Shares unless such transferee makes or has made a valid Dollar Election with respect thereto. The aggregate Dollar Consideration due to a Scheme Shareholder who has made a Dollar Election shall be rounded down to the nearest whole cent. Payment in US dollars may be inappropriate for holders of Scheme Shares other than persons in the US.

ADR holders will receive the ADRs Consideration in US dollars and therefore do not need to make a Dollar Election in respect of their ADRs. Pursuant to Section 4.02 of the Deposit Agreement, the Depositary shall distribute the ADRs Consideration to the holders of ADRs. In the event, however, that the Company or the Depositary is required to withhold and does withhold taxes or other governmental charges from such cash distribution, the amount distributed to the holders of ADRs will be reduced accordingly. The Depositary will distribute only such amount, however, as can be distributed without attributing to any holder of ADRs a fraction of one cent. Any such fractional amounts will be rounded down to the nearest whole cent. The ADRs Consideration must be deposited with the Depositary not later than 14 days after the Effective Date. The Depositary will thereafter distribute the ADRs Consideration to ADR holders pursuant to the terms of the Deposit Agreement.

The actual amount of US dollars received by ADR holders or by Scheme Shareholders who have made a Dollar Election will depend upon the exchange rate prevailing on the Effective Date. Scheme Shareholders should be aware that the US dollar/pounds sterling exchange rate which is prevailing at the date on which an election is made to receive US dollars and on the date of mailing of payment may be different from that prevailing on the Effective Date. In all cases, fluctuations in the US dollar/pounds sterling exchange rate are at the risk of ADR holders and Scheme Shareholders who have made a Dollar Election.

All documents and remittances sent by or to Scheme Shareholders and ADR holders, or as such persons shall direct, will be sent at their own risk and may be sent by mail.

ITEM 5. PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE

Upon completion of the Scheme, the Company will be an indirect, wholly-owned subsidiary of WMI. Therefore, following the completion of the Scheme, the Scheme Shareholders and ADR holders will no longer share in the future earnings or growth of the Company or benefit from any increases in the value of the Company, and they will no longer bear the risk of any decreases in the value of the Ordinary Shares or ADRs.

Since Scheme Shareholders and ADR holders will have no continuing interest in the Company following the completion of the Scheme, the Ordinary Shares and ADRs will no longer meet the requirements of the London Stock Exchange and the NYSE, respectively, for continued listing and will therefore be delisted from the London Stock Exchange and the NYSE.

The London Stock Exchange will be requested to cancel the listing of Ordinary Shares with effect from the close of business on the Effective Date. Upon the Scheme becoming effective, certificates for the Scheme Shares will cease to be of value. The Company proposes that the Record Date will be the last date for dealings in Ordinary Shares on the London Stock Exchange.

The ADRs are currently registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon the Scheme becoming effective, registration of the ADRs under the Exchange Act will be terminated and the Company will be relieved of the obligation to comply with the public reporting requirements of the Exchange Act. In addition, the Company will take the appropriate measures to delist the ADRs from the NYSE. Accordingly, the Company will not be subject to the periodic reporting requirements of the Exchange Act.

Except as otherwise described in this Transaction Statement, neither WMI nor the Company has, as of the date of this Transaction Statement, approved any specific plans or proposals for any extraordinary corporate transaction involving the Company after the completion of the Scheme, any sale or transfer of a material amount of assets of the Company after the completion of the Scheme or a material change in the Company's corporate structure or business. However, as noted below under "Item 7--Purpose(s), Alternatives, Reasons and Effects", one of the reasons for the Scheme is to achieve certain operational and cost efficiencies that may result from combining certain functions and operations of the Company and its subsidiaries with those of WMI or certain of its subsidiaries. WMI intends after the completion of the Scheme to cause the Company to engage in such transactions and material changes as may be appropriate in WMI's judgment in order to achieve such efficiencies. In addition, while WMI does not have any present intention to sell or transfer any material amount of assets of the Company, WMI's plans may change at any time, and WMI may in the future elect to cause the Company to sell, transfer or otherwise dispose of all or any portion of the assets of the Company to WMI or any one or more of its subsidiaries or to any other parties as warranted by future conditions. WMI may also, as warranted in light of future conditions, cause changes in the Company's dividend policy, indebtedness or capitalization, including the payment of dividends and repayment of indebtedness to WMI or certain of its subsidiaries. Following the completion of the Scheme, it is the intention of the Independent Directors to resign from the Company Board.

ITEM 6. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

It is currently expected that approximately \$432 million (which is the total consideration for both ADRs and Ordinary Shares) will be required to pay the consideration under the Scheme. These funds are available under WMI's \$2 billion senior revolving credit facility. The credit facility contains financial covenants with respect to interest coverage and debt capitalization ratios. The credit facility also contains limitations on dividends, additional indebtedness, liens and asset sales. The credit facility is available for standby letters of credit up to \$650 million. The applicable interest rate and facility fee at December 31, 1997 was 6.1% per annum and 0.1125% per annum, respectively.

The estimated aggregate costs and fees of the Company and WMI in connection with the Proposal are as follows:

Investment Banking Fees and Expenses.....	\$2,400,000
Filing Fees.....	\$ 52,114
Legal Fees and Expenses.....	\$ 750,000
Printing, Mailing and Vote Solicitation Fees.....	\$ 260,000
Accounting Fees.....	\$ 20,000
United Kingdom Takeover Panel Fee.....	\$ 80,000

Total.....	\$3,562,114
	=====

Such fees and expenses are to be paid by the party which incurred them, except for financial printing costs, which shall be borne equally by WMI and the Company.

ITEM 7. PURPOSE(S), ALTERNATIVES, REASONS AND EFFECTS

The purpose of the Scheme is for the Company to become an indirect, wholly-owned subsidiary of Old WMI and, as a result of the Merger, an indirect, wholly-owned subsidiary of WMI, while providing Scheme Shareholders and ADR holders with the opportunity to realize the value of their investment in the Company in cash at a premium to market prices for the Ordinary Shares and the ADRs prior to the announcement of the Proposal. Completion of the Scheme is also expected to: (i) enhance operating flexibility, (ii) reduce expenses, (iii) simplify WMI's corporate structure and (iv) simplify management decisions. See "Item 3--Past Contacts, Transactions or Negotiations--Background of the Proposal" for a discussion of the reasons for undertaking the Scheme at this time.

Benefits and Detriments of the Scheme

The Company. The principal benefits of the completion of the Scheme to the Company are the following: (i) simplifying the Company's corporate structure; (ii) eliminating the expenses resulting from the Company's public status; (iii) providing enhanced tax planning opportunities; (iv) reducing overall operational and administrative costs; (v) enhancing operating flexibility and (vi) streamlining decision-making.

The detriment of the completion of the Scheme to the Company may be that as a wholly-owned subsidiary of WMI, the Company is less able to obtain direct access to the equity markets based upon its separate operations and the Company will not be able to use its own stock as acquisition capital.

WMI and its affiliates other than the Company. The material benefits of the completion of the Scheme to WMI and its affiliates other than the Company are the following: (i) simplifying their corporate structure; (ii) enabling WMI to manage its world-wide waste services business as a single enterprise; (iii) providing enhanced tax planning opportunities; (iv) eliminating the expenses associated with a separate publicly traded subsidiary; (v) reducing overall operational and administrative costs; (vi) enhancing operating flexibility and (vii) streamlining decision-making.

The detriment of the completion of the Scheme to WMI and its affiliates other than the Company will be the significant cash outlay by WMI required to complete the Scheme. In addition, the completion of the Scheme may limit the Company's future direct access to financing based upon its separate operations.

Holders of Ordinary Shares and ADRs. The benefits of the completion of the Scheme to holders of Ordinary Shares and ADRs are the following: (i) realizing the value of their investment in the Company in cash at a substantial premium to the market prices for Ordinary Shares and ADRs prior to the announcement of the Proposal and (ii) eliminating the risk of a decline in the value of their investment in the Company.

The detriment of the completion of the Scheme to unaffiliated shareholders is that they will cease to have any ownership interest in the Company and will cease to participate in future earnings and growth, if any, of the Company. In addition, certain Scheme Shareholders and ADR holders will recognize a taxable gain upon the completion of the Scheme.

Certain Effects of the Completion of the Scheme

Upon completion of the Scheme, Scheme Shareholders will have the right to receive the Ordinary Shares Consideration and ADR holders will be entitled to receive the ADRs Consideration. Also, upon completion of the Scheme, Scheme Shareholders and ADR holders will cease to have any ownership interest in the Company and will cease to participate in future earnings and growth, if any, of the Company. Moreover, upon completion of the Scheme, public trading of the Ordinary Shares and the ADRs will cease. The Company intends to have the Ordinary Shares delisted from the London Stock Exchange and the ADRs delisted from the NYSE.

Pursuant to the terms of the Scheme, Old WMI will pay approximately \$432 million plus expenses to complete the Scheme.

Certain Tax Considerations

The following is a summary of certain of the expected US federal income tax consequences of the receipt of cash upon the completion of the Scheme.

US Holders. The following paragraphs address certain US federal income tax consequences applicable to Scheme Shareholders and ADR holders that are US Holders. The term "US Holder" means a beneficial owner of Scheme Shares or ADRs that is for US federal income tax purposes (i) a citizen or resident of the US, (ii) a corporation, partnership or other entity created or organized under the laws of the US or any political subdivision thereof or therein, (iii) any estate or trust defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code") or (iv) a person whose worldwide income or gain is otherwise taxable in the US on a net income basis. This summary is based on the Code, administrative pronouncements, judicial decisions and regulations, changes to any of which (which may be retroactive) may affect the tax consequences described herein. This summary assumes that the Scheme Shares and ADRs have been held as capital assets. It does not address the tax treatment of individuals who have received Scheme Shares and ADRs in connection with employment such as by the exercise of options granted to employees, and it is not addressed to holders owning at least 10% (after applying the constructive ownership rules of Section 958(b) of the Code) of the voting power of the Company. This summary also assumes that the Company is not and has never been a passive foreign investment company for US federal income tax purposes. This summary does not discuss all tax consequences that may be relevant to a US Holder of Scheme Shares or ADRs in the light of such holder's particular circumstances or to holders subject to special rules, such as certain financial institutions, regulated investment companies, insurance companies, dealers in securities, exempt organizations, US Holders whose functional currency is not the US dollar or US Holders engaged in straddle or "hedging" transactions.

The cancellation by a US Holder of ADRs so that they become Ordinary Shares is not a taxable event. In general, a US Holder of Scheme Shares or ADRs will, for US federal income tax purposes, recognize a gain or loss equal to the difference between such holder's adjusted tax basis in the Scheme Shares or ADRs cancelled and the amount of cash received in exchange therefor. Such gain or loss will generally be capital gain or loss. In general, any capital loss would be currently deductible only to the extent of the holder's capital gains plus, in the case of a non-corporate holder, ordinary income of up to \$3,000 (assuming a joint tax return is filed). A corporation may carryback unused capital losses to the preceding three years and carryforward unused capital losses to the next five years; an individual may carryforward such losses indefinitely. In addition, an accrual basis holder of Scheme Shares or ADRs that does not elect to be treated as a cash basis taxpayer pursuant to the foreign currency exchange regulations may have a foreign currency exchange gain or loss for US federal income tax purposes because of differences between the US dollars/pounds sterling exchange rates prevailing on the effective date and on the date of payment. Any such currency gain or loss would be treated as ordinary income or loss and would be in addition to the gain or loss realized by the holder as a result of the Scheme.

Non-US Holders. Any gain realized by a person other than a US Holder (a "Non-US Holder") on the sale of Scheme Shares or ADRs generally will not be subject to US federal income taxation, unless (i) such gain is effectively connected with the conduct by the Non-US Holder of a US trade or business, (ii) the Non-US Holder is present in the US for 183 days or more in the year of disposition and certain other requirements are met or (iii) the Non-US Holder is subject to US tax law provisions applicable to certain US expatriates.

The foregoing discussion is for general information only and is intended to be a summary of the principal US federal income tax considerations of the Scheme. Each US Holder should consult his or her own tax advisor concerning the US federal and applicable state, local, foreign and other tax consequences of the Scheme.

ITEM 8. FAIRNESS OF THE TRANSACTION

The Company believes that the transaction described in this Transaction Statement is fair to the Scheme Shareholders. The Independent Directors, who have been so advised by KPMG Corporate Finance, consider that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned. The Independent Directors are unaffiliated with Old WMI or any of its affiliates, other than the Company Group, and were acting in the interests of, and negotiated on an arm's length basis with Old WMI on behalf of, the Scheme Shareholders. At a meeting held by telephone on June 29, 1998, in which all of the Independent Directors participated, the Independent Directors unanimously approved the Scheme and recommended that the Scheme Shareholders vote to approve the Scheme. The Independent Directors intend to vote their own beneficial holdings to approve the Scheme at the Court Meeting and in favor of the special resolution to be proposed at the Extraordinary General Meeting.

In determining the fairness of the terms of the Proposal, the following factors are relevant and support the determination of the Independent Directors to recommend the Scheme:

- . the fact that the Independent Directors consisted of directors who are unaffiliated with Old WMI and any of its affiliates, other than the Company Group, and were appointed to represent the interests of, and to negotiate on an arm's length basis with Old WMI on behalf of, the Scheme Shareholders;
- . the financial condition, assets, results of operations, business and prospects of the Company and the risks inherent in achieving those prospects;
- . the terms and conditions of the Proposal, including the amount and form of consideration, the absence of representations and warranties, the nature of the parties' covenants and agreements, the limited number of conditions to the obligations of Old WMI (including the absence of a financing condition) and the rights of the Independent Directors to withdraw their respective recommendations;
- . the condition to the completion of the Scheme that the Scheme receive the affirmative vote of the holders of a majority in number of those voting representing three-fourths in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting convened by the English High Court;
- . the condition to the completion of the Scheme that the Scheme be sanctioned by the English High Court;
- . the history of the negotiations with respect to the Proposal that, among other things, led to an increase in Old WMI's offer from approximately 291p to 345p per Ordinary Share, and the belief of the Independent Directors that the Ordinary Shares Consideration was fair and reasonable so far as the Scheme Shareholders are concerned;
- . the fact that the Sterling Consideration represents a premium of approximately 39 percent over the closing middle market price of the Ordinary Shares on the London Stock Exchange on June 26, 1998, the last full trading day before the public announcement of the Proposal;
- . the fact that the 39 percent premium represented by the Sterling Consideration far exceeds customary premiums paid in similar transactions of publicly held minority shareholdings of other UK companies;
- . the stock price and trading volume history of the Ordinary Shares and the ADRs;
- . the fact that the Independent Directors retained and were advised by independent legal counsel;
- . the fact that the Independent Directors retained KPMG Corporate Finance as independent financial advisors to assist them in evaluating the Proposal;
- . the opinion of KPMG Corporate Finance as to the fairness from a financial point of view of the Ordinary Shares Consideration to be received by Scheme Shareholders and the analyses presented to the Independent Directors by KPMG Corporate Finance; and
- . the unwillingness of Old WMI to discuss a sale of its controlling stock

These factors are not intended to be exhaustive. In light of the number and variety of factors, it was not practicable to assign relative weights to the foregoing factors; and accordingly relative weights were not assigned.

Although the Independent Directors did consider historical trading prices of the Ordinary Shares and ADRs, the Independent Directors did not consider trading prices for the period following the announcement of the Proposal because they believed that such prices reflected anticipation of the completion of the Scheme.

The Independent Directors regularly consulted with KPMG Corporate Finance during the course of their work in connection with their analysis of the Company and the evaluation of the Proposal. The Independent Directors believe that the analyses of KPMG Corporate Finance are reasonable.

WMI has adopted the determination that the transaction described in this Transaction Statement is fair to the Scheme Shareholders. The following factors are relevant and support that determination: (i) the conclusion by the Independent Directors that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned, (ii) the Ordinary Shares Consideration and the ADRs Consideration are included within a number of the valuation ranges derived by the financial advisor engaged by Old WMI and (iii) the procedural safeguards followed in negotiating the Proposal, including that: (w) the Independent Directors consisted of directors who are unaffiliated with Old WMI and any of its affiliates, other than the Company Group, and were appointed to represent the interests of, and to negotiate on an arm's length basis with Old WMI on behalf of, the Scheme Shareholders; (x) the Independent Directors retained and were advised by independent legal counsel; (y) the Independent Directors retained KPMG Corporate Finance as independent financial advisors to assist them in evaluating the Proposal and (z) the terms and conditions of the Proposal, including the amount and form of consideration, resulted from active arm's length bargaining between the Independent Directors and Old WMI. The following conditions also ensure procedural and substantive fairness of the Proposal: (i) the completion of the Scheme is conditional upon the Scheme receiving the affirmative vote of the holders of a majority in number of those voting representing three-fourths in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting convened by the English High Court and (ii) the completion of the Scheme is conditional upon the Scheme being sanctioned by the English High Court.

ITEM 9. REPORTS, OPINIONS, APPRAISALS AND CERTAIN NEGOTIATIONS

Opinion of Financial Advisor of the Company

The Independent Directors of the Company have retained KPMG Corporate Finance to act as their financial advisors with respect to the Proposal and related matters. KPMG Corporate Finance is acting exclusively for the Company in connection with the Proposal. KPMG Corporate Finance is not acting for any other person and KPMG Corporate Finance will not be responsible to any person other than the Company for providing the protections afforded to clients of KPMG Corporate Finance or for providing advice in relation to the Proposal or in relation to the contents of this document or any transaction or arrangement referred to herein.

At a meeting of the Independent Directors on June 29, 1998, KPMG Corporate Finance delivered its written opinion to the Independent Directors (the "KPMG Corporate Finance Opinion"). The KPMG Corporate Finance Opinion states that KPMG Corporate Finance is of the opinion that the consideration is fair from a financial point of view to the holders of Scheme Shares and is fair and reasonable insofar as Scheme Shareholders are concerned.

THE FULL TEXT OF THE KPMG CORPORATE FINANCE OPINION ADDRESSED TO THE INDEPENDENT DIRECTORS AND DATED AS OF JUNE 29, 1998, WHICH SETS FORTH THE ASSUMPTIONS MADE, MATTERS CONSIDERED AND LIMITS OF THE REVIEW UNDERTAKEN IN CONNECTION WITH THE OPINION, IS ATTACHED HERETO AS SCHEDULE D, AND IS INCORPORATED BY REFERENCE. THE KPMG CORPORATE FINANCE OPINION WAS DELIVERED TO THE INDEPENDENT DIRECTORS FOR THEIR USE IN CONNECTION WITH THEIR CONSIDERATION OF THE PROPOSAL AND IS NOT INTENDED TO BE, AND DOES NOT CONSTITUTE, A RECOMMENDATION TO ANY SCHEME SHAREHOLDER AS TO HOW SUCH SCHEME SHAREHOLDER SHOULD VOTE WITH RESPECT TO THE SCHEME. THE SUMMARY OF THE KPMG CORPORATE FINANCE OPINION SET FORTH HEREIN IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION. SCHEME SHAREHOLDERS ARE URGED TO, AND SHOULD, READ THE KPMG CORPORATE FINANCE OPINION IN ITS ENTIRETY.

In connection with rendering its opinion, KPMG Corporate Finance reviewed, among other things, the financial terms and conditions of the Proposal; reviewed certain historical business and financial information relating to the Company; reviewed certain internal financial analyses and forecasts for the Company prepared by its management; reviewed the reported price and trading activity for the Ordinary Shares; visited certain of the facilities of the Company; compared certain financial and stock market information for the Company with similar information for certain other companies the shares of which are publicly traded; and reviewed the financial terms of certain business combinations in the waste industry specifically and in other industries generally. KPMG Corporate Finance also met with members of the senior management of the Company and its principal operating subsidiaries to discuss the past and current operations, financial condition and prospects of the Company, including the financial forecasts relating to the Company. KPMG Corporate Finance was not asked to, nor did it, recommend a specific price per Ordinary Share. No limits were placed on KPMG Corporate Finance's review or analysis by either the Independent Directors or the Company.

In light of Old WMI's position as the majority shareholder in the Company and the absence of any indication that Old WMI would support either a sale of the Company or other alternatives to the Proposal involving a third party, an active solicitation of third party interest in a transaction involving the Company was not practicable and therefore was not pursued.

KPMG Corporate Finance relied upon the accuracy and completeness of all of the financial and other information reviewed by it or conveyed to it in discussions with the Company or Old WMI and has not assumed any responsibility for any independent verification of such information or any independent valuation or appraisal of the assets or liabilities of the Company and was not provided with any such evaluation or appraisal. With respect to the financial forecasts relating to the Company and the possible financial benefits of the Proposal to Old WMI, KPMG Corporate Finance has assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to such matters. In rendering its opinion, KPMG Corporate Finance assumed no responsibility for such forecasts or estimates or the assumptions upon which they are based. In addition, the opinion does not address the underlying business decision of the Independent Directors to recommend the Scheme. The opinion of KPMG Corporate Finance is necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to them as of, the date of the opinion.

The following is a summary of the material analyses performed by KPMG Corporate Finance which were reviewed with the Independent Directors in connection with providing its opinion:

Stock Market Analysis. KPMG Corporate Finance analyzed the historical movement in the price of the Ordinary Shares on the London Stock Exchange in order to determine and explain relevant price movement trends. The analysis was focused on two key areas. First, whether the price movements of the Ordinary Shares could be explained by factors specifically relating to the Company and/or general market factors; alternatively, whether events involving Old WMI (which were not directly relevant to the intrinsic value of the Company) had impacted the price of the Ordinary Shares. Second, whether in the (then) current price of the Ordinary Shares there existed (or not) some level of premium in anticipation of an imminent buy-out by Old WMI of the Minority Shares.

A summary of KPMG Corporate Finance's review of the Ordinary Shares price movement is as follows. Since the flotation of the Minority Shares in the Company in 1992, the quoted stock values of the Company and Old WMI have shown a degree of correlation. On the day of the announcement of the Merger, the mid market price of the Ordinary Shares rose from 190p to 208p and thereafter rose rapidly to a level of 247.5p (based upon the London Stock Exchange closing mid-market price on June 26, 1998, the last full trading day before the public announcement of the Proposal). The Ordinary Shares Consideration of 345p represents a premium of 82 percent on the 190p price on the day of the announcement of the Merger, and 66 percent on the 208p price immediately following the announcement and 39 percent on the 247.5p price as at June 26, 1998. KPMG Corporate Finance's view is that this increase reflected not an improvement in the underlying fundamentals of the Company, but a belief among shareholders that USA Waste would improve the value of an investment in the Company, either by improving the business or by a buy-out of the Minority Shares at a premium to the then current market price.

Discounted Cash Flow Analysis. KPMG Corporate Finance performed a discounted cash flow analysis for existing business, new business, potential business from acquisitions and incremental synergies, based upon certain operating and other financial assumptions, projections and other information provided by the management of the Company. A discussion of certain financial projections prepared by the Company is set forth in "Item 16--Additional Information--Certain Financial Projections of the Company". KPMG Corporate Finance utilized the projections, restated by KPMG Corporate Finance to reflect anticipated results from certain Hong Kong-based projects at or near completion and the projected improvement in operating results of the Company's Italian subsidiaries following a restructuring which was not taken into account in the original projections, in forming its opinion on the fairness to the Scheme Shareholders of the Ordinary Shares Consideration. For purposes of the analysis, KPMG Corporate Finance used discount rates ranging from nine percent to 11 percent and perpetuity growth rates for cash flows of around three percent, which resulted in an enterprise value of (Pounds)1.03 billion to (Pounds)1.56 billion, and a per Ordinary Share value of 274p to 415p. KPMG Corporate Finance subtracted aggregate estimated net debt as of April 30, 1998 (consisting of interest bearing debt net of cash balances) of (Pounds)80 million, equivalent to net debt per Ordinary Share of 21p, from the enterprise value in arriving at an equity value for the Company. KPMG Corporate Finance selected a representative range of (Pounds)0.95 billion to (Pounds)1.48 billion implied by this analysis, equating to 253p to 393p per share for the Ordinary Shares to be acquired.

Comparison with Selected Companies and Transactions. KPMG Corporate Finance analyzed a range of values based on applying market multiples derived from companies principally involved in waste activities to the Company's revenue and earnings stream. KPMG Corporate Finance commenced the analysis with a review of material distorting items within the Company's historic and projected earnings in order to determine appropriate figures for adjusted maintainable earnings. The financial measures used in the analysis comprised sales of (Pounds)1.1 billion for 1997 (historic), (Pounds)0.9 billion for 1998 (prospective) and (Pounds)1.1 billion for 1999 (prospective+1) and earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted to exclude exceptional items, of (Pounds)225 million for 1997 (historic), (Pounds)193 million for 1998 (prospective) and (Pounds)248 million for 1999 (prospective+1).

Having established figures for adjusted maintainable earnings, a range of multiples were applied to those earnings based on those of quoted companies considered by KPMG Corporate Finance to be comparable to the Company to some extent and comparable transactions. Appropriate comparatives were taken from the following quoted companies: Allied Waste Industries, Inc., Browning Ferris Industries, Inc. ("BFI"), Caird Group plc, Laidlaw Environmental Services, Inc., Shanks & McEwan Group plc, SITA S.A., USA Waste, Waste Recycling Group plc and Old WMI. The multiples selected for KPMG Corporate Finance's analysis represented the lower end of the range of multiples derived from these companies to reflect the relative performance of the Company vis a vis the comparative group. For the comparable transactions, the multiples used were based on financial information to the extent available from acquisitions by the following companies: Haul Waste Group PLC, BFI, Vivendi S.A., Laidlaw Inc., Shanks & McEwan plc, SITA S.A., USA Waste, Waste Recycling Group plc, Groupe Fabricom S.A. and Republic Industries, Inc. The range of multiples used in the analysis as applied to revenues were historic multiples of 1.19 to 2.03, prospective of 0.8 to 2.0 and prospective+1 of 0.7 to 1.7 and as applied to adjusted EBITDA were historic multiples of 4.0 to 7.5, prospective of 4.7 to 7.8 and prospective+1 of 4.1 to 6.3.

Based on an approximate number of Ordinary Shares outstanding of 375.2 million, and adjusting to take account of estimated net debt as of April 30, 1998 of approximately (Pounds)80 million and minority interest as at December 31, 1997 of (Pounds)115 million and an amount due in respect of a foreign income dividend credit of (Pounds)13 million, the range of values per Ordinary Share implied by reference to revenues was 297p to 540p based on applying the above range of historic revenues multiples to 1997 sales, 149p to 445p based on applying prospective multiples to 1998 revenues and 159p to 455p based on applying prospective+1 multiples to 1999 revenues. Based on EBITDA as a financial measure, the implied range of values was 191p to 401p applying the range of historic EBITDA multiples to the 1997 adjusted EBITDA, 193p to 353p applying prospective multiples to 1998 adjusted EBITDA and 222p to 367p applying prospective+1 multiples to 1999 adjusted EBITDA.

Analysis of Selected Minority Buy-outs. KPMG Corporate Finance reviewed information regarding selected transactions in which third parties have bought out quoted minorities, drawing conclusions as regards the implied

valuation of the 20 percent minority interest in the Company. Buy-outs of minority shareholdings reviewed comprised Societe Generale de Belgique S.A., Lloyds Abbey Life PLC, News International plc, Calor Group PLC, The Telegraph plc, The Isle of Man Steam Packet Co, Gartmore PLC, The Phoenix Timber Group plc and Ideco Holdings Inc. Excluding News International plc, where the premium paid for a minority stake was 39 percent, the premiums paid were relatively consistent at between 15 percent and 20 percent.

KPMG Corporate Finance also analyzed buy-outs of minority holdings by Old WMI where the premium paid was 10.6 percent for a minority interest in CWM and 27 percent and 26.9 percent, respectively, for interests purchased in Rust and WTI.

Other Analyses. KPMG Corporate Finance analyzed the buy-out of the minority interest in the Company from Old WMI's perspective, having regard to the impact on Old WMI's earnings per share ("EPS"). In this context KPMG Corporate Finance considered the tax benefits and synergies potentially arising from 100 percent ownership of the Company by Old WMI.

Based on estimated potential immediate cost savings, including closure of the Company's London headquarters, KPMG Corporate Finance estimated that Old WMI could justify paying up to 345p per Ordinary Share without the transaction becoming earnings dilutive for Old WMI in 1999.

The summary set forth above does not purport to be a complete description of the analyses performed by KPMG Corporate Finance, although it is a summary of the material financial and comparative analyses provided to the Independent Directors in connection with the delivery of its opinion.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the opinion of KPMG Corporate Finance. In arriving at its fairness opinion, KPMG Corporate Finance considered the results of all such analyses and did not assign relative weights to any of the analyses.

The analyses were prepared solely for the purpose of KPMG Corporate Finance providing its opinion to the Independent Directors as to the fairness from a financial point of view of the consideration to be received under the Scheme by the holders of Scheme Shares and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty and may be significantly more or less favorable than as set forth in these analyses. Similarly, any estimates incorporated in the analyses performed by KPMG Corporate Finance are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than any such estimates. No company utilized as a comparison is identical to the Company or the business segment for which a comparison is being made, and none of the acquisition transactions or other business combinations utilized as a comparison is identical to the Proposal. Accordingly, any analysis or review of publicly traded companies and business combinations resulting from the transactions is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the companies or company to which they are being compared. This is particularly true in the case of the Company because of the absence of existing publicly traded comparable companies. The discount rates and multiples used in the analyses were considered appropriate after a consideration of current economic and financial market conditions, including trading multiples and capital structures of selected public companies and rates of return on debt and equity investments in public and private companies and a qualitative judgment as to the most relevant information and its application to the Company. In connection with the analyses, KPMG Corporate Finance made, and was provided with estimates and forecasts by the Company based upon, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company and their advisors. Similarly, analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the Company, or their advisors, none of the

Company, WMI, Old WMI, KPMG Corporate Finance or any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions. The opinion of KPMG Corporate Finance necessarily was based on the economic, market and other conditions as in effect on, and the information made available to them as of, the date of their opinion. The foregoing summary is qualified by reference to the written opinion of KPMG Corporate Finance set forth in Schedule D to this Transaction Statement.

As described above, the opinion and presentation of KPMG Corporate Finance to the Independent Directors was only one of many factors taken into consideration by the Independent Directors in making their determination to recommend the Proposal. In addition, the terms of the Proposal were determined through negotiations between the Independent Directors and Old WMI and were approved by the Independent Directors. Although KPMG Corporate Finance provided advice to the Independent Directors during the course of these negotiations, the decision to recommend the Proposal was solely that of the Independent Directors.

KPMG Corporate Finance is an internationally recognized investment banking and corporate finance advisory firm and is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions. KPMG has in the past provided financial advisory and employee compensation consulting services to Old WMI and/or its affiliates, including the Company, and may continue to do so and has received, and may receive, fees for the rendering of such services.

The Independent Directors selected KPMG Corporate Finance to act as its corporate finance advisors because of their expertise and reputation in investment banking advice and mergers and acquisitions work.

In connection with the services of KPMG Corporate Finance as advisors to the Independent Directors with respect to the Proposal and related matters, the Company has agreed to pay KPMG Corporate Finance: (i) a fee of (Pounds)100,000 payable in cash upon completion of the review and valuation of the Company, (ii) a fee of (Pounds)100,000 payable in cash upon the agreement of the terms of the Proposal, (iii) a weekly fee payable between May 18, 1998 and the date of posting of the Scheme Document (the Company and KPMG Corporate Finance have agreed that the weekly fee will be (Pounds)10,000 per week for the first ten weeks and thereafter on a time cost basis), (iv) a fee of (Pounds)150,000 upon posting of the Scheme Document to Scheme Shareholders and (v) a fee of (Pounds)200,000 on completion of the Scheme. In addition, the Company has agreed to reimburse KPMG Corporate Finance for its reasonable out-of-pocket expenses and to indemnify it and certain related persons against certain liabilities arising out of its engagement.

Opinion of Financial Advisor of Old WMI

Old WMI engaged Merrill Lynch to act as Old WMI's exclusive financial advisor in connection with the Proposal. Old WMI retained Merrill Lynch to act solely as Old WMI's financial advisor, and not as a financial advisor to the Company, to assist Old WMI in analyzing, structuring, negotiating and effecting the Proposal. Merrill Lynch rendered an opinion to the Old WMI Board that the consideration to be paid by Old WMI pursuant to the Scheme was fair from a financial point of view to Old WMI (the "Merrill Lynch Opinion"). The Merrill Lynch fairness opinion does not address the fairness of the consideration to holders of Ordinary Shares or ADRs. On June 29, 1998, Merrill Lynch made a presentation to the Old WMI Board summarizing the types of analyses underlying the Merrill Lynch Opinion (the "Merrill Lynch Report") and participated in a telephone conference call with the Old WMI Board to discuss the Proposal.

THE FULL TEXT OF THE MERRILL LYNCH OPINION, WHICH SETS FORTH THE ASSUMPTIONS MADE, MATTERS CONSIDERED, AND QUALIFICATIONS AND LIMITATIONS ON THE REVIEW UNDERTAKEN BY MERRILL LYNCH, IS ATTACHED HERETO AS SCHEDULE E AND IS INCORPORATED HEREIN BY REFERENCE. THE SUMMARY OF THE MERRILL LYNCH OPINION SET FORTH IN THIS TRANSACTION STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE MERRILL LYNCH OPINION. SCHEME SHAREHOLDERS ARE URGED TO READ SUCH OPINION IN ITS ENTIRETY. THE MERRILL LYNCH OPINION WAS PROVIDED TO THE OLD WMI BOARD FOR ITS INFORMATION AND IS DIRECTED TO THE FAIRNESS FROM A FINANCIAL POINT OF VIEW OF THE CONSIDERATION TO BE PAID BY OLD WMI PURSUANT TO THE SCHEME AND DOES NOT

ADDRESS THE MERITS OF THE UNDERLYING DECISION BY OLD WMI TO ENGAGE IN THE SCHEME AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY SCHEME SHAREHOLDER AS TO HOW SUCH SCHEME SHAREHOLDER SHOULD VOTE ON THE PROPOSED SCHEME OR ANY MATTER RELATED THERETO. THE MERRILL LYNCH REPORT WAS INTENDED SOLELY TO PROVIDE ADDITIONAL INFORMATION FOR THE USE AND BENEFIT OF THE OLD WMI BOARD, AND WAS NOT PREPARED FOR THE PURPOSE OF ADDRESSING THE MERITS OF THE UNDERLYING BUSINESS DECISION BY OLD WMI TO ENGAGE IN THE SCHEME.

The summary set forth below does not purport to be a complete description of the analyses underlying the Merrill Lynch Opinion, the Merrill Lynch Report or the discussion Merrill Lynch had with the Old WMI Board. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Merrill Lynch did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Merrill Lynch believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying its opinion.

In performing its analyses, numerous assumptions were made with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Merrill Lynch, Old WMI and the Company. Any estimates contained in the analyses performed by Merrill Lynch are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, such analyses and estimates are inherently subject to substantial uncertainty. In addition, as described above, the Merrill Lynch Opinion was among several factors taken into consideration by the Old WMI Board in making its determination to approve the Proposal. Consequently, the Merrill Lynch analyses described below should not be viewed as determinative of the decision of the Old WMI Board or Old WMI's management with respect to the fairness of the consideration to be paid by Old WMI.

In preparing the Merrill Lynch Opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it, discussed with or reviewed by or for it, or publicly available, and did not assume any responsibility for independently verifying such information or undertake an independent evaluation or appraisal of any of the assets or liabilities of the Company. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of the Company. With respect to the financial forecast information and the Expected Cost Savings (as defined below) furnished to or discussed with Merrill Lynch by the Company or Old WMI, Merrill Lynch assumed that they had been reasonably prepared and reflected the best currently available estimates and judgment of the Company's or Old WMI's management as to the expected future financial performance of the Company or Old WMI, as the case may be, and the Expected Cost Savings. Merrill Lynch also assumed that the final form of the Joint Announcements (as defined below) would be substantially similar to the last drafts it reviewed.

The Merrill Lynch Opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and on the information made available to it as of, the date of the Merrill Lynch Opinion. Without limiting the foregoing, the Merrill Lynch Opinion does not address the potential effects of fluctuations in the US dollar/pounds sterling exchange rate after the date thereof. Merrill Lynch assumed approximately 375.2 million Ordinary Shares outstanding and that each ADS represented by ADRs being the equivalent of two Ordinary Shares and assumed an exchange rate of US \$1.6673:UK (Pounds)¹ as of June 23, 1998. Merrill Lynch also assumed that in the course of obtaining any necessary regulatory or other consents or approvals (contractual or otherwise) for the Scheme, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that will have a material adverse effect on the contemplated benefits of the Scheme.

In connection with the Merrill Lynch Opinion, Merrill Lynch: (1) reviewed certain publicly available business and financial information relating to the Company and Old WMI that Merrill Lynch deemed relevant;

(2) reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of the Company, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the Scheme (the "Expected Cost Savings") furnished to Merrill Lynch by the Company and Old WMI; (3) conducted discussions with members of senior management of the Company and Old WMI concerning the matters described above, as well as their respective businesses and prospects before and after giving effect to the Scheme and the Expected Cost Savings; (4) reviewed the market prices and valuation multiples for the Ordinary Shares and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant; (5) reviewed the results of operations of the Company and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant; (6) compared the proposed financial terms of the Scheme with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant; (7) participated in discussions and negotiations among representatives of the Company and Old WMI and their financial and legal advisors; (8) reviewed the potential pro forma impact of the Scheme on Old WMI; (9) reviewed the US and UK joint press releases (the "Joint Announcements"), dated June 29, 1998, describing the terms of the Scheme and (10) reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including an assessment of general economic, market and monetary conditions.

The following is a summary of the various types of analyses presented to the Old WMI Board in connection with the rendering of the Merrill Lynch Opinion:

Discounted Cash Flow Analysis. Merrill Lynch performed a discounted cash flow analysis based upon certain operating and financial assumptions, forecasts and other information prepared and provided by the management of the Company for the years 1998 through 2002. In performing the discounted cash flow analysis, Merrill Lynch used: (i) discount rates from 11 percent to 13 percent and (ii) terminal EBITDA multiples from 6.5x to 7.5x. Merrill Lynch derived a discounted cash flow valuation based upon the projections provided by the Company (the "Base Projections") and then derived additional discounted cash flow valuations by adjusting the Base Projections for the impact of: (a) certain potential future acquisitions which were included in the Base Projections (the "Future Company Acquisitions") and (b) the Expected Cost Savings which were not included in the Base Projections. Merrill Lynch derived a summary reference range using the Base Projections of \$11.20 to \$14.35 per ADR. Merrill Lynch also derived summary reference ranges of: (x) \$10.20 to \$12.75 per ADR by excluding Future Company Acquisitions; (y) \$11.60 to \$14.90 per ADR by including Expected Cost Savings and (z) \$10.60 to \$13.25 per ADR by excluding the Future Company Acquisitions and including the Expected Cost Savings.

Comparison of Selected Public Company Comparables. Merrill Lynch analyzed certain actual and estimated financial information for the Company and three other publicly-traded European waste services companies, including Shanks & McEwan Group PLC, Waste Recycling Group PLC and SITA S.A. (collectively, the "European Waste Services Group") that Merrill Lynch considered to some extent comparable to the Company, although not necessarily representative of truly comparable companies. Merrill Lynch calculated the forward EBITDA multiples (to the extent of available information) and 1999 price to earnings ratios (the "1999 P/E Ratios") for the companies. For the European Waste Services Group, (i) the mean and median of forward EBITDA multiples were each 6.9x and (ii) the mean and median of the 1999 P/E Ratios were 18.1x and 18.3x, respectively. Based on the forward EBITDA multiples, Merrill Lynch derived summary representative ranges of \$8.40 to \$11.80 per ADR without giving effect to Expected Cost Savings and \$8.85 to \$12.45 per ADR after giving effect to Expected Cost Savings. Based on the 1999 P/E Ratios, Merrill Lynch derived summary representative ranges of \$10.95 to \$16.05 per ADR without giving effect to the Expected Cost Savings and \$11.75 to \$17.25 per ADR after giving effect to the Expected Cost Savings.

No company in the European Waste Services Group is identical to the Company. Accordingly, an analysis of the results of the foregoing companies necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the Company and the companies in the European Waste Services Group.

Analysis of Selected Acquisition Comparables. Merrill Lynch also reviewed certain publicly-available information for eight selected acquisitions involving European target companies. In its discussion with the Old WMI Board, Merrill Lynch noted that the selected transactions primarily involved the acquisition of a control position in an unrelated target company and not, as is the case of Old WMI acquiring the remaining interest in the Company, the acquisition of a remaining interest of an affiliated entity. Merrill Lynch calculated historical EBITDA multiples (to the extent of available information) for the selected transactions. The mean and median of offer values as multiples of LTM EBITDA for the comparable transactions were each 7.0x. In its discussion with the Old WMI Board, Merrill Lynch noted that, because the Company's actual historical EBITDA included the results of: (i) businesses which had recently been divested; (ii) long term contracts which had recently expired and (iii) businesses which had recently experienced deteriorating operating results, it had used the Company's projected 1998 EBITDA as an estimate of historical EBITDA from ongoing operations for purposes of this analysis. Based on its analysis, Merrill Lynch derived summary reference ranges of \$9.40 to \$11.10 per ADR without giving effect to Expected Cost Savings and \$9.95 to \$11.70 per ADR after giving effect to Expected Cost Savings.

No company or transaction used in the above analysis as a comparison was identical to Old WMI or the Scheme, respectively. Accordingly, an analysis of the results of the comparison is not purely mathematical; rather, it involves complex considerations and judgments concerning differences in historical projected financial and operating characteristics of the comparable acquired companies and other factors that could affect the acquisition value of such companies and Old WMI.

Merrill Lynch is acting as a financial advisor to Old WMI in connection with the Scheme and will receive a fee from Old WMI for its services, a significant portion of which is contingent upon the consummation of the Scheme. In addition, Old WMI has agreed to indemnify Merrill Lynch for certain liabilities arising out of its engagement. Merrill Lynch acted as exclusive financial advisor to Old WMI in connection with its merger with USA Waste, and is an appointed financial advisor to the Company and has, in the past, provided financial advisory and financing services to USA Waste and Old WMI and/or its affiliates, including the Company, and may continue to do so and has received, and may receive, fees for the rendering of such services. In addition, in the ordinary course of its business, Merrill Lynch may actively trade the securities of WMI for Merrill Lynch's own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Merrill Lynch's engagement with Old WMI was formalized in an engagement letter ("Engagement Letter"), dated June 26, 1998. Pursuant to the Engagement Letter, Old WMI agreed to pay Merrill Lynch: (i) a fee of \$250,000 contingent upon and payable in cash upon the posting of an explanatory statement with the English High Court in connection with the Scheme and (ii) a contingent fee of \$1,100,000, less amounts paid pursuant to (i) above, payable upon the Scheme becoming effective during the period of Merrill Lynch's retention. Old WMI also agreed to reimburse Merrill Lynch for reasonable out-of-pocket expenses and reasonable fees and disbursements of its legal counsel. In addition, Old WMI has agreed to indemnify Merrill Lynch against certain liabilities.

Old WMI retained Merrill Lynch based upon Merrill Lynch's experience and expertise. Merrill Lynch is an internationally recognized investment banking and advisory firm. Merrill Lynch, as part of its investment banking business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

ITEM 10. INTERESTS IN SECURITIES OF THE ISSUER

(a) The relevant information in the Scheme Document is contained in Item 4, Disclosure of interests and dealings, under Part 7, Additional Information, and is incorporated herein by reference in response to this Item.

(b) Neither the Company nor any of the persons named in response to paragraph (a) of this Item has effected a transaction in the Ordinary Shares or the ADRs during the past 60 days.

ITEM 11. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO THE ISSUER'S SECURITIES

Participation in the Scheme by Holders of ADRs

Holders of ADRs will be entitled to direct the Depositary to vote on the Scheme pursuant to the terms of the Deposit Agreement. Section 4.08 of the Deposit Agreement provides that upon receipt of notice of any meeting or solicitation of consents or proxies from holders of ADRs, the Depositary will fix a record date in respect of such meeting for the giving of instructions for voting such consent or proxy and will mail to the holders of ADRs a notice (the "Depositary Notice") which will contain the relevant information and instructions on how to exercise their voting rights or how to instruct the Depositary to give a discretionary proxy to a person designated by the Company.

Holders of ADRs who wish to attend the Court Meeting or the Extraordinary General Meeting should take steps to present their ADRs for cancellation to the Depositary, as such steps are described in the Depositary Notice to which this Transaction Statement is attached, so that they become registered holders of Ordinary Shares prior to 5:30 pm (London time) on October 5, 1998, two days before those meetings.

Other Arrangements or Agreements

See "Item 16--Additional Information--Certain Agreements" for a discussion of the following agreements between the Company and certain of its affiliates: (i) International Development Agreement; (ii) International Business Opportunities Agreement; (iii) Intercorporate Services Agreement; (iv) Master License Agreement and (v) Master Dividend Agreement.

ITEM 12. PRESENT INTENTION AND RECOMMENDATION OF CERTAIN PERSONS WITH REGARD TO THE TRANSACTION

The Independent Directors consider that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned. The Independent Directors unanimously recommend that Scheme Shareholders approve the Scheme and vote in favor of the resolutions necessary to implement it. The Independent Directors intend to vote their own beneficial holdings to approve the Scheme at the Court Meeting and in favor of the special resolution to be proposed at the Extraordinary General Meeting. Upon completion of the Scheme, it will be binding on all Scheme Shareholders, including the Depositary and the Independent Directors.

ITEM 13. OTHER PROVISIONS OF THE TRANSACTION

(a) Appraisal rights are not provided under applicable law or under the Company's Articles of Association and will not be voluntarily accorded by the Company to Scheme Shareholders in connection with the Scheme. Scheme Shareholders who object to the Scheme may vote against it at the Court Meeting and against the special resolution to be proposed at the Extraordinary General Meeting. In addition, after these meetings have been held, the Scheme must be sanctioned by the English High Court before it can become effective. At the Court Hearing, Scheme Shareholders who object to the Scheme would again have an opportunity to voice their objections. The English High Court may consider these objections in exercising its discretion to sanction the Scheme. Upon completion of the Scheme, it will be binding on all Scheme Shareholders including the Depositary and the Independent Directors. Scheme Shareholders' rights with respect to the Scheme are discussed in greater detail in "Item 4--Terms of the Transaction".

(b) See "Item 16--Additional Information--Incorporation of Certain Information by Reference" for information on how to obtain additional information filed with the SEC by WMI, the Company, Old WMI and USA Waste.

(c) The Scheme does not involve the exchange of debt securities of the Company, WMI or Old WMI in exchange for Scheme Shares held by Scheme Shareholders.

ITEM 14. FINANCIAL INFORMATION

Financial information concerning the Company is set forth in Part IV of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 1997 and is hereby incorporated herein by reference. See

"Item 16--Additional Information--Incorporation of Certain Information by Reference" for information on how to obtain this report and other information filed with the SEC by the Company. The relevant information contained in the Scheme Document under Part 3, Information on the Company, is incorporated herein by reference in response to this Item.

The following table provides the ratio of earnings to fixed charges and book value per share for the two most recent fiscal years and the relevant interim period.

	US GAAP			UK GAAP		
	30-JUN-98	1997	1996	30-JUN-98	1997	1996
Earnings to fixed charges.....	11.11	2.87	0.36	11.34	3.77	0.88
Book value per share.... (Pounds)	2.64	2.59	2.82	1.12	0.92	0.84

ITEM 15. PERSONS AND ASSETS EMPLOYED, RETAINED OR UTILIZED

In addition to the use of mails, proxies and/or voting instructions may be solicited by officers and directors and regular employees of the Company and WMI, without additional remuneration, by personal interviews, written communication, telephone, telegraph or facsimile transmission. The Company also will request the Depositary, brokerage firms, nominees, custodians and fiduciaries to forward proxies and/or voting instructions to the beneficial owners of Scheme Shares held of record and will provide reimbursement for the cost of forwarding the material in accordance with customary charges. The Company has hired CIC to coordinate the solicitation of proxies and/or voting instructions by and through such holders for a fee of approximately \$7,000 plus expenses.

The Company engaged KPMG Corporate Finance to act as its exclusive financial advisor in connection with the Proposal. Old WMI engaged Merrill Lynch to act as its exclusive financial advisor in connection with the Proposal. See "Item 9--Reports, Opinions, Appraisals and Certain Negotiations" for a discussion of the terms of engagement of the financial advisors to the Company and Old WMI.

ITEM 16. ADDITIONAL INFORMATION

Certain Agreements

The Company has entered into certain agreements with Old WMI and various of its other subsidiaries that are described below.

International Development Agreement. The Company, Old WMI, CWM, WTI, Waste Management International, Inc. ("WMII"), Waste Management Europe N.V., Rust, WTI International Holdings Inc. and RIH Inc. are parties to a Third Amended and Restated International Development Agreement ("IDA"), dated January 1, 1993. Among other things, the IDA: (i) provides that Old WMI, Rust and WTI shall each vote their Ordinary Shares for the appointment of directors such that one designee of each of Rust and WTI (or such greater number as shall equal the total number of directors multiplied by the percentage of outstanding Ordinary Shares so held by such entity, reduced to the nearest whole number) shall be elected to the Board of Directors of the Company so long as Rust or WTI (as the case may be) continues to own, or has the right to acquire from the Company, Ordinary Shares sufficient for it to own at least 10 percent of the Company's outstanding Ordinary Shares; (ii) permits Rust and WTI each to maintain beneficial ownership of the Company's outstanding Ordinary Shares at a level having not less than 10 percent of the voting power of all outstanding Company securities at general meetings of the Company (so as to facilitate their meeting certain accounting objectives under US tax laws) until the earlier of July 1, 2000 or April 30 in the year following the year in which such option becomes exercisable (unless prior to such April 30 Rust or WTI, as the case may be, acquires a sufficient number of Ordinary Shares to maintain at least 10 percent of the voting power), and permits Old WMI to maintain beneficial ownership of the Company's outstanding Ordinary Shares at a level having not less than 55 percent of the voting power of all outstanding Company securities at general meetings of the Company (including amounts held by Rust and WTI,

so long as they remain majority-owned by Old WMI), in each case pursuant to an option to purchase additional newly issued Ordinary Shares of the Company for cash at fair market value, which for purposes of such options shall be the average of the closing sale prices for Ordinary Shares on the London Stock Exchange (or, if not then traded on the London Stock Exchange on another principal exchange or market) for the five trading days ending on the fifth trading day before the date of notification of the option exercise (adjusted where appropriate for dividends, stock splits, capitalization issues and issues of Ordinary Shares at less than fair market value) so long as such option is exercised within certain prescribed time limits (respectively, the "Anti-Dilution Options" of Rust and WTI and "Consolidation Option" of Old WMI); (iii) restricts the Company from making certain share issues or distributions or proposing certain reorganization plans or arrangements which could dilute Old WMI's, Rust's or WTI's interests under the Consolidation Option or the Anti-Dilution Options, without in each case obtaining the consent of each of Old WMI, Rust and WTI; (iv) restricts Rust's and WTI's ability until July 1, 2000 to sell their Ordinary Shares unless such sales are made in compliance with United States securities laws; (v) grants certain rights of first refusal to Old WMI with respect to disposition of Ordinary Shares by Rust or WTI; (vi) grants certain rights of participation to Rust and WTI with respect to a disposition of Ordinary Shares by Old WMI and (vii) grants each of Old WMI, Rust and WTI a number of registration rights under the Securities Act of 1933 (demand and participation) and rights to have the Company facilitate sales by Old WMI, Rust and WTI in offerings outside the United States, in each case at the Company's expense to the extent permitted by law (except any underwriting commissions).

Issues of new Ordinary Shares by the Company upon exercise of either the Anti-Dilution Option or the Consolidation Option will not be subject to the pre-emptive rights which normally apply under English law to new issues of equity securities for cash, although issues of new Ordinary Shares upon exercise of the Consolidation Option would be prohibited under London Stock Exchange rules unless there was at the time a subsisting annual authorization of the shareholders of the Company (other than Old WMI and, for so long as they remain subsidiaries of Old WMI, Rust and WTI).

International Business Opportunities Agreement. Pursuant to the First Amended and Restated International Business Opportunities Agreement, dated January 1, 1993, by and among Old WMI, CWM, WTI, WMII, Rust and the Company, as amended (the "IBOA"), each of Old WMI, CWM, WTI and Rust has agreed that, until the later of July 1, 2000 or the date on which Old WMI ceases to beneficially own a majority of the outstanding voting equity interests of such subsidiary or ceases to beneficially own a majority of the outstanding voting equity interests of the Company, and in each case no longer has an option to obtain such ownership, such company will not engage in waste management services, collection, storage, processing, treatment or disposal of hazardous wastes (including hazardous substance remediation services), or development and construction (where the customer is seeking third-party operation), or operation of water, wastewater and sewage treatment operations (including facilities for treating hazardous waste streams), outside North America (i.e., the United States, its territories and possessions, Canada and Mexico), except (i) with respect to licensing of technology and minor interests of CWM, WTI or Rust in publicly held entities; (ii) sales by Old WMI of recyclables and (iii) with respect to development and operation of waste-to-energy facilities (as described below). The Company has agreed that for the same time periods as are applicable to Old WMI, CWM, WTI and Rust as described above, it will not engage in North America in the type of activities in which Old WMI, CWM, WTI and Rust have agreed not to engage outside of North America and to abide by the allocation of certain business opportunities to WTI and Rust outside North America. Businesses or assets acquired by a party to the IBOA which are in the domain of another party thereto (according to the allocation principles described above) must be offered for sale to the other party at fair market value.

Under the IBOA, opportunities outside of North America, other than in Germany and Italy, relating to the design, development, construction, operation and maintenance of waste-to-energy facilities, are allocated to WTI under the terms of a joint venture framework agreement between WTI and the Company. The Company has the exclusive allocation of waste-to-energy opportunities in Germany and Italy. The terms of the joint venture provide that WTI will have the primary responsibility for the initial identification, marketing and development of opportunities in the joint venture territories and will bear the costs relating to these activities. Once a contract

has been secured for a project, the Company is entitled (but not obliged) to subscribe for 49 percent of the equity of the project available to the Old WMI group as a whole, and WTI will be entitled to subscribe for the balance. Once approved as a joint venture project, all further costs relating to the project will be borne by the parties in proportion to their shareholding. If a project is not approved for joint development, either party may continue to develop it for its own account. WTI, however, may not construct or operate any waste-to-energy project outside of North America without the prior consent of the Company.

By agreement among the parties, Old WMI is responsible for resolving business allocation disputes among the Company, CWM, WTI, Rust and Old WMI which are not controlled by the allocations set out in the previous paragraph. In this connection, the parties to the agreement have agreed that in order to minimize the potential for conflicts of interest among various subsidiaries under the common control of Old WMI, and for so long as Old WMI shall have beneficial ownership of a majority of the outstanding voting equity interests of such subsidiary (or an option to obtain such ownership), Old WMI has the right to direct future business opportunities to the Old WMI-controlled subsidiary which, in Old WMI's reasonable and good faith judgment, has the most experience and expertise in that line of business, provided that Old WMI may not allocate a business opportunity to a particular subsidiary if such business opportunity would involve that subsidiary in a breach of its non-compete as described above. Opportunities outside North America relating to the provision of future waste management services are generally to be allocated to the Company, except that opportunities outside North America relating to certain permitted WTI and Rust activities are generally to be allocated to WTI and Rust. No party is liable for consequential damages, except for lost profits, for any breach of the IBOA.

Intercorporate Services Agreement. The Company and Old WMI have entered into an Intercorporate Services Agreement, dated March 9, 1992 (as amended by an addendum dated March 17, 1992) and effective as of December 31, 1991 (the "ISA"), pursuant to which Old WMI has agreed to provide to the Company: (i) a committed \$750 million credit facility; (ii) a covenant to pay \$285 million as a capital contribution in respect of certain environmental costs and liabilities of the Company; (iii) certain insurance and letter of credit and surety bond procurement services and, at Old WMI's discretion, performance guarantees; (iv) the right for certain Company employees to participate in Old WMI retirement and certain other employee benefit arrangements to the extent they participated in such arrangements at December 31, 1991 and (v) certain corporate and administrative services. The Company has agreed until 2041 to indemnify Old WMI, without limit, against any liability or expense which Old WMI may suffer relating to any liability or obligation of the Company, whenever arising, other than any environmental liabilities of the Company which are the subject of the environmental covenant from Old WMI. The ISA will continue indefinitely unless and until terminated by the Company at any time or by Old WMI with not less than 30 days' prior notice effective December 31 of any year after 1996 or by Old WMI following the occurrence of certain events of default. No such termination will affect the continued operation of the environmental covenant or the Company's agreement to indemnify Old WMI. Each party has agreed to share certain business information with the other and maintain the confidentiality thereof. The ISA provides that neither party shall be liable to the other for any consequential damages (except those arising in connection with liabilities under the environmental covenant), and that in certain events of force majeure, a non-performing party shall be excused from performance other than for payment obligations. Certain matters may be submitted to third party arbitration in the event of a disagreement between the parties.

Master License Agreement. The Company, Old WMI, CWM, WTI and Rust have entered into a First Amended and Restated Master License Agreement (the "MLA") dated January 1, 1993, under which the Company has granted each other party the right to obtain a license of intangibles and receive ancillary services from the Company for their respective business activities for use in North America, and each other party has granted the Company the right to obtain a license of intangibles and receive ancillary services from each other party relating to its respective business activities for use outside of North America. Unless the licensee selects a shorter term, such licenses remain in effect until the latest of July 1, 2005, the date the grantor or grantee is no longer majority owned beneficially by Old WMI (and Old WMI no longer has an option to retain such ownership), and the termination of the useful life of the facility or equipment incorporating or used with the licensed intangible. The consideration for each license will be a price based on the fair market value of a license

for the licensed intangible, but will not exceed the most favorable pricing charged an unaffiliated licensee for a comparable license. Sublicensing of licensed intangibles is not permitted. All of the parties to the MLA have retained the right to license their own technology to third parties anywhere in the world, except as summarized in the next paragraph.

The MLA supplements an Intellectual Property Licensing Agreement dated September 7, 1990, which provides, among other things, a grant by the Company to WTI of a 10 year, non-exclusive, royalty-free license, with two successive five year renewal options, of the BRINI(TM) resource recovery technology owned by the Company to all of WTI's existing and future waste-to-energy facilities, so that WTI can develop BRINI(TM) technology systems at or adjacent to its facilities in connection with the operations of such facility, and an agreement by the Company not to grant additional licenses to the BRINI(TM) technology to the owners or operators of waste-to-energy facilities in North America.

Master Dividend Agreement. Substantially all of the Company's assets are owned directly and indirectly by Waste Management International B.V. ("WMIBV"), a Netherlands subsidiary, the outstanding equity of which consists of: 63,750 A shares owned by the Company; 12,750 B shares owned by WMII and held by SBC Nominees, as nominee of WMII; 12,750 C shares owned by RIH Inc.; and 12,750 D shares owned by WTI International Holdings Inc. Each of the A, B, C and D shares (together the "BV Shares") carries one vote at general meetings of WMIBV. Except with the consent of all the shareholders in WMIBV, future issues of shares must be on the basis of shares of a particular class being issued only to the existing holder of shares of that class. In the event of future issues of further A shares to the Company (e.g., in consideration of the acquisition by WMIBV of assets owned or acquired by the Company, otherwise than for cash), each of WMII, RIH Inc. and WTI International Holdings Inc. will be entitled to subscribe, for cash at par (being NLGI each), for a number of new B, C or D shares, respectively, sufficient to maintain its respective voting interest in WMIBV at 12.5 percent.

The Company, WMIBV, WMII, CWM, WTI, RIH Inc., WTI International Holdings Inc. and SBC Nominees have entered into an Amended and Restated Master Dividend Deed, dated December 31, 1992 (the "Master Dividend Agreement"), which governs, among other things, the manner in which dividend payments are to be declared and paid by the Company and WMIBV, and the liquidation rights with respect to the Company and WMIBV.

Under the Company's Articles of Association, a dividend may be declared by the shareholders in general meeting, but no dividend may be declared in excess of the amount recommended by the Company Board. The Company Board may, without any prior shareholder approval, pay to the shareholders such interim dividends as appear to the Company Board to be justified by the financial position of the Company. Under the Articles of Association of WMIBV, dividends may be declared only by the shareholders in general meeting. In both cases, dividends may only be paid out of the profits available by law for distribution.

Under the Master Dividend Agreement, each of WMII, RIH Inc. and WTI International Holdings Inc. has undertaken not to claim, and acknowledged that it has no right to, any dividend on any Ordinary Share held by it from time to time. Whenever WMIBV pays a dividend to WMII, RIH Inc. and WTI International Holdings Inc., the Company will pay a dividend in respect of the Ordinary Shares. The amount of each dividend paid by the Company on each Ordinary Share (plus the associated tax credit available to UK-resident individual taxpayers receiving dividends from UK-resident companies) will be equal to the aggregate dividend simultaneously paid by WMIBV to WMII, RIH Inc. and WTI International Holdings Inc. (gross of any Netherlands withholding tax) divided by the number of Ordinary Shares which WMII, RIH Inc. and WTI International Holdings Inc. hold in the Company. The Master Dividend Agreement prohibits any sale or other disposition by WMII, RIH Inc. or WTI International Holdings Inc. of any BV shares, other than to the Company or WMIBV itself.

If the Company Board determines to pay a dividend to public holders of Ordinary Shares, but WMIBV is not in a position to pay an equivalent dividend, the Company may pay such dividend if WMII, RIH Inc. and WTI International Holdings Inc. so agree. In this event, the amount of the WMIBV dividend not paid will be treated as in arrears and will be payable in priority to any subsequent dividend of WMIBV that may be declared.

In addition to the B, C and D shares held by WMII (through its nominee), RIH Inc. and WTI International Holdings Inc., respectively, WMIBV has also granted those companies certain participation rights (pursuant to a Participation Rights Agreement) governed by Netherlands law and conferring on the holders certain contractual rights against WMIBV. WMIBV has also granted certain other participation rights which, together with the A Shares, are now vested in the Company. The benefits of the participation rights are non-transferable, except to the Company or WMIBV. The combined effect of the Articles of Association of WMIBV, the Master Dividend Agreement, and the participation rights is that, in the event of the liquidation of WMIBV, the surplus assets of WMIBV remaining after its creditors and liquidation expenses have been discharged will be applied as follows: (i) in paying to the Company on the second anniversary of WMIBV's liquidation or (if earlier) the first anniversary of the Company's liquidation any amount by which the assets of the Company are inadequate to discharge any of its liquidation expenses (or an appropriate portion thereof) and the claims of the Company's creditors admitted to proof in the Company's liquidation (or, if the Company is not in liquidation, which would have been admissible to proof if the Company had commenced liquidation one year after WMIBV) and of any holders of shares in the Company ranking in a liquidation of the Company in priority to the Ordinary Shares; (ii) in returning the nominal amount of all of the BV Shares to the respective holders thereof; (iii) in paying to each of WMII, RIH Inc. and WTI International Holdings Inc. any arrears of WMIBV dividends that may have accumulated in proportion to the amount of such arrears; (iv) in paying to each of WMII, RIH Inc. and WTI International Holdings Inc. that proportion of any balance of WMIBV's assets which the ownership of Ordinary Shares by each of them bears to the total number of Ordinary Shares and (v) in paying to the Company, as the holder of the A Shares, the whole of any remaining balance. By a combination of the Articles of Association of the Company and the Master Dividend Agreement, any surplus assets arising on a liquidation of the Company remaining after discharging its own liquidation expenses and the claims of its creditors and any holders of shares ranking in a liquidation of the Company in priority to the Ordinary Shares, will be distributed pro rata to the holders of the Ordinary Shares, other than that part of such surplus, if any, which has been received from WMIBV, which, net of any attributable tax, will be distributed only to the public holders of Ordinary Shares.

In addition, the Company has entered into certain additional agreements with affiliates of the Company. A discussion of these additional agreements is contained in the Scheme Document in Item 6, Material Contracts, under Part 7, Additional Information, and is incorporated herein by reference in response to this Item.

Certain Financial Projections of the Company

The Company does not as a matter of course publicly disclose internal budgets, plans, estimates, forecasts or projections as to future revenues, earnings or other financial information. The projected financial data which follows reflect certain selected information which was contained in projections prepared by management of the Company and furnished to Old WMI, Old WMI's financial advisors and KPMG Corporate Finance. These projections were based upon a variety of estimates and assumptions, the material ones of which are set forth below. The estimates and assumptions underlying the projections involved judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions, exchange rates, political risk and future business decisions which may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, all of which are difficult to predict and many of which are beyond control of the Company. While the Company believes these estimates and assumptions to have been reasonable, there can be no assurance that the projections are accurate, and actual results may vary materially from those shown. In light of the uncertainties inherent in forward looking information of any kind, the inclusion of these projections herein should not be regarded as a representation by the Company, Old WMI, WMI or any other person that the anticipated results will be achieved and investors are cautioned not to place undue reliance on such information.

The Company does not intend to update or otherwise revise the information presented herein to reflect circumstances existing after the date of the most recent financial statements incorporated by reference in this Transaction Statement or to reflect the occurrence of unanticipated events. The information presented herein should be read together with the financial information concerning the Company as set forth in Part IV of the

Company's Annual Report on Form 20-F for the fiscal year ended December 31, 1997 which is incorporated by reference in this Transaction Statement. The following financial data reflects certain information that was contained in the projections prepared by management of the Company.

THE PROJECTIONS ARE NOT INTENDED TO CONSTITUTE A FORECAST OF PROFITS BY THE COMPANY OR ITS DIRECTORS AND SHAREHOLDERS SHOULD NOT RELY ON SUCH PROJECTIONS IN MAKING ANY DECISION ABOUT THEIR INVESTMENT IN THE COMPANY.

CERTAIN FINANCIAL PROJECTIONS FOR THE YEAR ENDING DECEMBER 31,
((Pounds) MILLIONS)

	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Revenue.....	926	1,111	1,224	1,352	1,489
EBIT.....	123	130	155	191	224
EBITDA.....	226	251	286	333	379
Net Income (1).....	59	65	77	96	115

(1) Net income includes certain non-recurring items in 1998 and 1999.

The Company operates in 18 countries each of which is subject to unique environmental, economic, political, regulatory and business conditions. The inflation, growth, exchange rates and other factors can vary substantially in the countries in which the Company operates, or is considering entering. The assumptions presented below are the overall Company assumptions (unless otherwise disclosed) made when preparing the projections.

Subject to the qualifications and limitations stated above, the information presented herein generally relies upon the following material assumptions and bases for the projections:

1. It was assumed that the inflation rate would be between 1.8% and 1.9% per annum.
2. Volume growth, which includes increased business for the Company as a result of general economic growth conditions and the Company's ability to attract new business, was assumed to be between 2.1% and 2.3% of prior year's revenue.
3. It was assumed that the Company would be able to achieve operating cost efficiencies which would reduce the costs of the Company. The assumptions varied by country and in some cases in each year of the projection and ranged from zero to five percent.
4. It was assumed that the Company would complete acquisitions or new projects each year that would result in revenue growth of between 5.8% and 6.5% of the prior year's revenue. It was generally assumed that certain operating synergies would be achieved as a result of these new acquisitions. In addition, it was assumed that the Company would complete an equity investment in Brazil in 1998 (which investment was completed in July 1998).
5. Capital expenditures, excluding the cost of acquisitions, were expected approximately to equal the prior year's depreciation plus an allowance for volume growth.
6. It was assumed that there would be no change in the Company's dividend policy, and that debt financings would be obtained at rates generally similar to conditions existing at the time that the projections were prepared.
7. The Company reports its results in pounds sterling. The effect of exchange rate changes can have a significant impact on both revenue and income. The projections assume that the movement of exchange rates would increase revenues by approximately 10% in 1999 compared to the 1998 projected revenue, and would be stable thereafter.
8. Various scenarios were examined by the Company regarding potential savings which could be achieved; however, no synergies or savings as a result of the Proposal are included in the projections.
9. The projections were produced on the assumption that the Company would be utilizing US generally accepted accounting principles.

Cautionary Statement Concerning Forward-Looking Statements

Certain matters discussed herein are forward-looking statements that involve risks and uncertainties. Forward-looking statements include the information set forth above concerning the projected consolidated income statement data as to the years ending December, 31, 1998 through December 31, 2002. Such information has been included in this Transaction Statement for the limited purpose of giving the Company's stockholders access to financial projections by the Company's management that were made available to Old WMI. The information was based on assumptions concerning the Company's services and business prospects in the years 1998 through 2002. The information also was based on other revenue and operating assumptions. Information of this type is based on estimates and assumptions that are inherently subject to significant economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the Company's control. Accordingly, there can be no assurance that the projected results would be realized or that actual results would not be significantly higher or lower than those set forth above. In addition, the consolidated income statement data as to the years ending December 31, 1998 through December 31, 2002 were not prepared with a view to public disclosure or compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants or any similar UK body regarding projections and forecasts and are included in this Transaction Statement only because such information was made available to Old WMI. Neither the Company's nor Old WMI's independent accountants have examined or applied any agreed upon procedures to this information and, accordingly, assume no responsibility for this information.

Certain Civil Proceedings

In June 1998, an alleged holder of ADRs filed a putative class action complaint in the Circuit Court of Cook County, Chicago, Illinois, naming Old WMI, the Company and several directors of the Company as defendants. The complaint seeks to enjoin the completion of the Scheme or, in the alternative, rescission or compensatory damages in the event the Scheme is completed. Among other things, the complaint asserts that the completion of the Scheme will constitute a breach of defendants' fiduciary duties to the holders of ADRs and, if the Scheme is completed, the holders of ADRs will be denied a proper premium for their ADRs. WMI, on behalf of Old WMI, the Company and the named directors intend to contest this litigation vigorously.

In July 1998, a putative class of alleged holders of Company Ordinary Shares filed a complaint in the Circuit Court of Cook County, Chicago, Illinois, naming Donald F. Flynn and Old WMI as defendants. The complaint seeks to enjoin the completion of the Scheme or, in the alternative, rescission or compensatory damages in the event the Scheme is completed. Among other things, the complaint asserts that the completion of the Scheme will constitute a breach of defendants' fiduciary duties to the shareholders of the Company (Mr. Flynn is a director of the Company, and Old WMI is its controlling shareholder) and that, if the Scheme is completed, the shareholders of the Company will be denied a proper premium for their Ordinary Shares. WMI, on behalf of Old WMI, and Mr. Flynn intend to contest this litigation vigorously.

Incorporation of Certain Information by Reference

This Transaction Statement incorporates by reference herein the following documents filed with the SEC pursuant to the Exchange Act:

1. The section of the Joint Proxy Statement entitled "The Companies";
2. The Company's Annual Report on Form 20-F filed with the SEC on March 30, 1998;
3. The Company's Report of Foreign Private Issuer on Form 6-K filed with the SEC on April 27, 1998;
4. The Company's Report of Foreign Private Issuer on Form 6-K filed with the SEC on July 6, 1998;
5. The Company's Report of Foreign Private Issuer on Form 6-K filed with the SEC on July 21, 1998; and
6. The Company's Report of Foreign Private Issuer on Form 6-K filed with the SEC on July 31, 1998.

All documents and reports subsequently filed by the Company pursuant to Section 12(b) of the Exchange Act after the date of this Transaction Statement and prior to the date of the Effective Date shall be deemed to be incorporated by reference in this Transaction Statement and to be a part hereof from the date of filing of such documents or reports. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Transaction Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Transaction Statement.

This Transaction Statement incorporates documents by reference which are not presented herein or delivered herewith. Such documents are on file with the SEC and may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549, upon payment of the prescribed fees. In addition, reports, proxy statements and other information filed electronically by WMI, Old WMI and USA Waste are available at the SEC's worldwide web site at <http://www.sec.gov>.

ITEM 17. MATERIAL TO BE FILED AS EXHIBITS

- 17(b)(1) Fairness opinion of KPMG Corporate Finance, a division of KPMG. (Reference is made to Schedule D of the Transaction Statement)
- 17(b)(2) Fairness opinion of Merrill Lynch & Co., Inc. (Reference is made to Schedule E of the Transaction Statement)
- 17(b)(3) Materials prepared for the Independent Directors of Waste Management International plc by KPMG Corporate Finance, a division of KPMG.*
- 17(b)(4) Materials prepared for the Board of Directors of Waste Management, Inc. by Merrill Lynch & Co., Inc.*
- 17(b)(5) Consent of Arthur Andersen.
- 17(c)(1) Deposit Agreement dated as of April 1, 1992, among Citibank, N.A., as Depositary, the Company, and the holders from time to time of ADRs.
- 17(c)(2) Notice to ADR holders from the Depositary dated as of [].
- 17(d)(1) Scheme of Arrangement Document, dated [], 1998. (Reference is made to Schedule A of the Transaction Statement)

- - - - -

*Previously filed.

SIGNATURE

After due inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

August 31, 1998

(Date)

Waste Management, Inc.

/s/ Gregory T. Sangalis

By: _____

(Signature)

Name: Gregory T. Sangalis

Title: Senior Vice President

Waste Management, Inc.

(Name and Title)

Waste Management International plc

/s/ Stephen P. Stanczak

By: _____

(Signature)

Name: Stephen P. Stanczak

Title: Vice President--Legal Affairs
and Company Secretary

Waste Management International plc

(Name and Title)

SCHEDULE A

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

RECOMMENDED PROPOSAL

FOR

WASTE MANAGEMENT INTERNATIONAL PLC

TO BECOME WHOLLY OWNED BY

WASTE MANAGEMENT, INC.

TO BE EFFECTED BY MEANS OF A

SCHEME OF ARRANGEMENT

UNDER SECTION 425 OF THE COMPANIES ACT 1985

A letter of recommendation from Sir William Barlow on behalf of the Independent Directors appears on pages 7 to 10.

Notices of the Court Meeting and the Extraordinary General Meeting of the Company, which will be held at the offices of Slaughter and May, 4 Coleman Street, London EC2V 5DB, on 7 October 1998, are set out at the end of this document.

SHAREHOLDERS ARE ASKED TO COMPLETE THE ENCLOSED FORMS OF PROXY IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED THEREON AS SOON AS POSSIBLE, BUT IN ANY EVENT SO AS TO BE RECEIVED BY THE COMPANY'S REGISTRAR, COMPUTERSHARE SERVICES PLC, PO BOX 82, CAXTON HOUSE, REDCLIFFE WAY, BRISTOL, BS99 7YA, NOT LATER THAN 48 HOURS BEFORE THE RELEVANT MEETING. FORMS OF PROXY FOR THE EXTRAORDINARY GENERAL MEETING WILL NOT BE VALID IF LODGED AFTER THIS TIME. IF FORMS OF PROXY FOR THE COURT MEETING ARE NOT LODGED BY THEN, THEY MAY BE HANDED TO THE CHAIRMAN OF THE COURT MEETING BEFORE THE START OF THE COURT MEETING. THE ACTION TO BE TAKEN BY SHAREHOLDERS IS DETAILED ON PAGES 3 AND 16 OF THIS DOCUMENT.

KPMG Corporate Finance is acting exclusively for the Company in connection with the Proposal. KPMG Corporate Finance is not acting for any other person (including any recipient of this document) and KPMG Corporate Finance will not be responsible to any person other than the Company for providing the protections afforded to clients of KPMG Corporate Finance or for providing advice in relation to the Proposal or in relation to the contents of this document or any transaction or arrangement referred to herein.

Merrill Lynch International, which is regulated in the UK by the Securities and Futures Authority Limited, is acting exclusively for WMI in connection with the Proposal. Merrill Lynch International is not acting for any other person (including any recipient of this document) and Merrill Lynch International will not be responsible to any person other than WMI for providing the protections afforded to clients of Merrill Lynch International or for providing advice in relation to the Proposal or in relation to the contents of this document or any transaction or arrangement referred to herein.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED WITHIN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time for receipt
of proxies for the:

Court Meeting	10.00 am on 5 October 1998*
Extraordinary General Meeting	10.30 am on 5 October 1998
Court Meeting	10.00 am on 7 October 1998
Extraordinary General Meeting	10.30 am on 7 October 1998**
Latest time for receipt of Dollar Election Form	5.30 pm on 2 November 1998
Court hearing of petition to sanction the Scheme	2 November 1998
Last day of dealings in Ordinary Shares	2 November 1998
Record Date of the Scheme	2 November 1998
Effective Date of the Scheme	3 November 1998

* It is requested that forms of proxy for the Court Meeting be lodged at least 48 hours prior to the time appointed for the Court Meeting, although forms of proxy not so lodged may be handed to the Chairman of the Court Meeting at the Court Meeting. Forms of proxy for the Extraordinary General Meeting must be lodged at least 48 hours prior to the Extraordinary General Meeting.

** Or as soon thereafter as the Court Meeting shall have concluded or been adjourned.

UNLESS OTHERWISE STATED ALL REFERENCES TO TIME IN THIS DOCUMENT REFER TO LONDON TIME.

DOCUMENTS ENCLOSED

You will find enclosed with this document:

- a Transaction Statement in relation to the Proposal prepared for the purposes of the US Securities Exchange Act of 1934;
- a pink form of proxy for use at the Court Meeting;
- a blue form of proxy for use at the Extraordinary General Meeting; and
- a green Dollar Election Form.

ACTION TO BE TAKEN

Whether or not you intend to be present at the Court Meeting or the Extraordinary General Meeting, it is important that you complete, sign and return the pink and blue forms of proxy as soon as possible, and in any event so as to arrive at the offices of Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than 10.00 am and 10.30 am, respectively, on 5 October 1998. If the pink form of proxy is not so lodged it may be handed to the Chairman of the Court Meeting at that meeting. The completion and return of the forms of proxy will not prevent you from attending either or both of the meetings and voting in person if you wish to do so.

Shareholders wishing to elect for the Dollar Election in respect of their Scheme Shares should complete, sign and return the Dollar Election Form so as to arrive at the offices of Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than 5.30 pm on 2 November 1998. Shareholders who wish to receive payment in sterling should not complete the Dollar Election Form.

DEFINITIONS

Unless the context requires otherwise, the following definitions apply throughout this document (except in the text of the Scheme and the notices of Meetings) and in the accompanying forms of proxy and Dollar Election Form:

"Act"	the UK Companies Act 1985 (as amended)
"ADR"	an American Depositary Receipt, issued by the Depositary, evidencing ADSs
"ADS"	an American Depositary Share representing the right to receive two Ordinary Shares
"Code"	The City Code on Takeovers and Mergers
"Company"	Waste Management International plc
"Court"	the High Court of Justice in England and Wales
"Court Meeting"	the meeting of Scheme Shareholders convened by order of the Court to consider the Scheme, notice of which meeting is set out on page 79 of this document
"CREST"	a relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the UK Uncertificated Securities Regulations 1995 (SI 1995 No. 3272)
"Depositary"	Citibank, N.A. of 111 Wall Street, 20th Floor, Zone 7, New York, New York 10043, USA, as depositary in respect of the ADRs
"Directors"	the directors of the Company
"Dollar Election"	the election under which Scheme Shareholders may elect to receive all, but not part, of their cash entitlement under the Scheme in US dollars, details of which are set out in paragraph 2 of the Explanatory Statement
"Dollar Election Form"	the form of election accompanying this document for use in connection with the Dollar Election
"Dollar Exchange Rate"	the mid-point spot rate for conversion of pounds sterling into US dollars at 4.00 pm on the Effective Date derived from the WM Reuters page showing such rate
"Effective Date"	the date on which the Scheme becomes effective in accordance with its terms
"Explanatory Statement"	the explanatory statement prepared in accordance with section 426 of the Act set out on pages 11 to 17 of this document
"Extraordinary General Meeting"	the extraordinary general meeting of the Company, notice of which is set out on pages 80 and 81 of this document

"Group"	the Company and its subsidiaries
"Hearing Date"	the date of the hearing by the Court of the petition to sanction the Scheme
"Independent Directors"	Sir William Barlow (Chairman), Mr Jan Ekman, Mr Giorgio Porta and Dr Manfred Scholz, being the Directors who are independent of the WMI Group (excluding the Group)
"London Stock Exchange"	London Stock Exchange Limited
"Meetings"	the Court Meeting and the Extraordinary General Meeting
"Merger"	the merger of Old WMI with a wholly owned subsidiary of WMI, which was completed on 16 July 1998
"Merrill Lynch"	Merrill Lynch International
"NYSE"	New York Stock Exchange
"Old WMI"	the company formerly known as Waste Management, Inc. and now called Waste Management Holdings, Inc., a wholly owned subsidiary of WMI
"Optionholders"	holders of options to subscribe for Ordinary Shares under the Share Option Plans
"Ordinary Shares"	ordinary shares of 10p each in the capital of the Company
"Panel"	the UK Panel on Takeovers and Mergers
"Proposal"	the proposal set out in this document for the Company to become wholly owned by WMI
"Record Date"	the business day immediately preceding the Effective Date
"Scheme" or "Scheme of Arrangement"	the scheme of arrangement under section 425 of the Act set out on pages 75 to 78 of this document, together with any modification, addition or condition approved or imposed by the Court
"Scheme Shareholders"	holders of the Scheme Shares
"Scheme Shares"	<p>the Ordinary Shares in issue at the date of this document, other than WMI Group Shares, together with:</p> <p>(i) any additional Ordinary Shares which may be issued after the date of this document but before 5.30 pm on the business day immediately before the Court Meeting; and</p> <p>(ii) any further Ordinary Shares which may be issued after the period referred to in paragraph (i) above but before 5.30 pm on the business day immediately before the Hearing Date and on terms that they are bound by the Scheme</p>

"Shareholders"	holders of Ordinary Shares
"Share Option Plans"	means the Waste Management International plc Share Option Plan for Independent Directors and the Waste Management International plc Share Option Plan
"Transaction Statement"	the Schedule 13e-3 transaction statement filed with the US Securities and Exchange Commission in respect of the Scheme, a copy of which has been posted to Scheme Shareholders together with this document
"Wessex"	Wessex Water Plc
"WMI"	Waste Management, Inc. (formerly USA Waste Services, Inc.)
"WMI Group"	WMI and its subsidiaries
"WMI Group Shares"	those issued Ordinary Shares in which any member of the WMI Group is beneficially interested as at the date of this document
"WMI II"	Waste Management International, Inc., a wholly owned subsidiary of WMI

PART 1

LOGO WASTE MANAGEMENT INTERNATIONAL PLC
Registered in England No. 2669336

DIRECTORS: REGISTERED OFFICE:
EG Falkman (Chairman) 3 Shortlands
BGA Gabrielson Hammersmith International Centre
PB Dessing London
DF Flynn W6 8RX
JM Holsten
RS Miller
Sir William Barlow* . September 1998

J Ekman*
G Porta*
Dr M Scholz*
(* Independent Directors)

To Shareholders and, for information only, to ADR holders and Optionholders

Dear Shareholder,

RECOMMENDED PROPOSAL FOR THE COMPANY TO BECOME
WHOLLY OWNED BY WMI

1. INTRODUCTION

As announced on 29 June 1998, it is proposed that the Company should become wholly owned by WMI. It is intended that the Proposal should be effected by means of a Scheme of Arrangement under section 425 of the Act, further details of which are set out in the Explanatory Statement which follows this letter.

Before the Proposal can be implemented it must be approved at the Court Meeting and at the Extraordinary General Meeting of the Company, both convened for 7 October 1998.

I am now writing to you to explain the background to, and the terms of, the Proposal and the financial effects of the Scheme for Scheme Shareholders. Mr Jan Ekman, Mr Giorgio Porta, Dr Manfred Scholz and I, as the Independent Directors, have considered and now recommend the Proposal to you. In reaching our conclusions, the Independent Directors have received financial advice from KPMG Corporate Finance, the substance of which is set out in paragraph 8 of this letter. The remaining Directors are connected with WMI and are therefore not Independent Directors. Accordingly, they did not participate in considering whether or not to recommend the Proposal and have not joined in the recommendation given in this letter by the Independent Directors.

2. SUMMARY OF THE TERMS OF THE SCHEME

Under the Proposal, if the Scheme becomes effective, Scheme Shareholders will receive:

FOR EACH SCHEME SHARE

345P IN CASH

The Proposal values the entire existing issued share capital of the Company at approximately (Pounds)1,295 million and the existing Scheme Shares at approximately (Pounds)260 million.

This represents a premium of approximately 39 per cent. to the closing middle market price of 247.5p per Ordinary Share on the London Stock Exchange on 26 June 1998, the last business day before the announcement of the Proposal.

Under the Dollar Election, Scheme Shareholders may elect to receive all (but not some only) of their cash entitlement under the Scheme in US dollars on the following basis:

FOR EACH SCHEME SHARE	THE US DOLLAR EQUIVALENT OF 345P CALCULATED USING THE DOLLAR EXCHANGE RATE
-----------------------	--

Elections for the Dollar Election will be irrevocable once made.

3. BACKGROUND TO AND REASONS FOR THE PROPOSAL

(a) Background to the Proposal

The Company was established in 1991 as a wholly owned subsidiary of Old WMI to assume substantially all of the waste management operations of Old WMI located outside North America. In April 1992, 20 per cent. of the issued share capital of the Company was offered for sale to the public in the form of Ordinary Shares and ADSs. The Ordinary Shares were admitted to the Official List of the London Stock Exchange and the ADSs were quoted on the NYSE. The purpose of the offering was to increase access to equity markets, raise the profile and status of the Company and enhance the potential to expand the business by utilising Ordinary Shares as consideration for the acquisition of additional businesses.

Notwithstanding this offering, the Company remained under the control of Old WMI which, through its subsidiaries, continued to own approximately 80 per cent. of the issued Ordinary Shares and continued to influence the Company's strategic direction. Since the offering in 1992, the Company has not used Ordinary Shares to acquire additional businesses.

Following the offering in 1992, the closing middle market price of the Ordinary Shares on the London Stock Exchange reached a peak of 790p on 16 November 1992. This compares to the average closing middle market price of the Ordinary Shares on the London Stock Exchange over the twelve months preceding the date of the announcement of the Proposal of 227p per share. The last date on which the price of the Ordinary Shares on the London Stock Exchange was equal to or greater than the amount available to Scheme Shareholders under the Scheme of 345p per Scheme Share was 19 July 1996.

(b) Reasons for the Proposal

On 10 March 1998, Old WMI announced that it had agreed to merge with a wholly owned subsidiary of WMI (then known as USA Waste Services, Inc.). The Merger was completed on 16 July 1998. Following the announcement of the Merger, an approach was made by Old WMI to the Independent Directors with a view to obtaining their recommendation for a transaction whereby the Company would become wholly owned by WMI. Negotiations between Old WMI and the Independent Directors on the terms of such a transaction resulted in the terms of the Proposal being agreed and the Independent Directors agreeing to recommend the Proposal to the Scheme Shareholders.

The approach by the directors of Old WMI to the Independent Directors followed a period of deliberation by the board of the Company in which the Group's growth potential and the possibility for increasing shareholder value through a variety of mechanisms were assessed. This assessment also included consideration of the difficult trading and operational conditions being experienced within certain of the Group's businesses and the short term lack of suitable investment and acquisition opportunities. The results of this process have led the board of the Company to conclude that there is limited prospect of an improvement in the financial performance of the Group

occurring in the short term such as would result in a significant upward revaluation of the Company's share price. Acting on behalf of the Independent Directors, KPMG Corporate Finance has reviewed the Group's historical results, strategic plans and current operations. The Independent Directors believe the analysis conducted by KPMG Corporate Finance has confirmed the conclusions of the board of the Company.

In reaching the decision to recommend the Proposal, the Independent Directors also took into account a number of other factors. In particular, the Independent Directors acknowledged the intention of each of Old WMI and WMI to retain its controlling interest in the Company. This intention necessarily precluded any investigation into the possibility of selling the Company to a third party. In addition, the Independent Directors concluded that it was unlikely that access to the equity markets would be required to fund growth in the foreseeable future, as the Company was likely to have sufficient credit facilities available to it both from its parent companies and from the financial markets and that debt finance was likely to be the preferred means of financing the Group's anticipated needs. Furthermore, in the anticipated absence of future equity offerings and issues of Ordinary Shares for the purpose of acquiring additional businesses, it is not clear that the significant expenses which result from the Company's listed status continue to be justified. The Independent Directors also concluded that none of the mechanisms considered which may have increased shareholder value were sufficiently certain or adequate to offer greater attraction than the Proposal.

The Independent Directors also considered the financial effects of the Proposal on capital value and income for Scheme Shareholders, details of which are set out on pages 13 and 14 of this document.

In light of the above, the Independent Directors considered that it was appropriate for the Scheme Shareholders to be given the opportunity to realise their investment in the Company on terms which the Independent Directors considered fair and reasonable so far as the Scheme Shareholders are concerned.

The Proposal is expected to simplify WMI's corporate organisational and management structure and facilitate the integration of the Company into the new management structure of WMI. It is also anticipated that the proposed transaction will enhance the operating flexibility of the WMI Group, reduce the WMI Group's expenses and simplify WMI Group management decisions.

4. EMPLOYEES

WMI has confirmed that, following implementation of the Scheme, the existing rights, including pension rights, of employees of the Company will be fully safeguarded. Your attention is drawn to paragraph 8 of the Explanatory Statement which follows this letter.

5. TAXATION

Taxation information for United Kingdom and United States Shareholders or ADR holders is summarised in Part 6 of this document. These summaries are intended only as a general guide to current law and practice. ANYONE WHO IS IN ANY DOUBT AS TO HIS TAX POSITION, OR WHO IS SUBJECT TO TAX IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM OR THE UNITED STATES, SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER.

6. IMPLEMENTATION OF THE SCHEME

Implementation of the Scheme will require, inter alia, the approval of Scheme Shareholders at the Court Meeting which has been convened by order of the Court (at which the approval of a majority in number of those voting representing 75 per cent. in value of the Scheme Shares voted, either in person or by proxy, will be required) and the passing of a special resolution by Shareholders at the Extraordinary General Meeting. Holders of WMI Group Shares are not entitled to vote at the Court Meeting, but are entitled to and will vote at the Extraordinary General Meeting. Further details of the special resolution to be considered at the Extraordinary General Meeting are given in paragraph 3 of the Explanatory Statement which follows this letter.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including the Depositary, regardless of whether they attended or voted at the Meetings.

Details of the conditions of the Scheme are set out in paragraph 6 of the Explanatory Statement which follows this letter.

7. SHARE OPTION PLANS

Optionholders should refer to the separate letter sent to them by the Company.

8. CONCLUSION

The Independent Directors, who have been so advised by KPMG Corporate Finance, consider that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned. In providing financial advice in relation to the terms of the Scheme, KPMG Corporate Finance has taken into account the Independent Directors' commercial assessments of the Proposal.

9. RECOMMENDATION

The Independent Directors unanimously recommend that Scheme Shareholders approve the Scheme and vote in favour of the resolutions necessary to implement it.

The Independent Directors intend to vote their own beneficial holdings to approve the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Extraordinary General Meeting.

The holders of the WMI Group Shares (which currently represent approximately 80 per cent. of the issued Ordinary Shares) have confirmed that they intend to vote in favour of the special resolution to be proposed at the Extraordinary General Meeting. Accordingly, should the holders of the WMI Group Shares so vote, that resolution will be passed.

Yours faithfully,

Sir William Barlow
Chairman of the Independent Directors

PART 2

EXPLANATORY STATEMENT
(IN COMPLIANCE WITH SECTION 426 OF THE COMPANIES ACT 1985)

LOGO

MERRILL LYNCH INTERNATIONAL ROPEMAKER PLACE 25 ROPEMAKER STREET LONDON EC2Y
9LY

KPMG CORPORATE FINANCE
8 SALISBURY SQUARE LONDON EC4Y 8BB

. SEPTEMBER 1998

To Shareholders and, for information only, to ADR holders and Optionholders

Dear Shareholder,

RECOMMENDED PROPOSAL FOR THE COMPANY TO BECOME WHOLLY OWNED BY WMI

1. INTRODUCTION

As announced on 29 June 1998, it is proposed that the Company should become wholly owned by WMI. The Proposal is to be effected by means of a Scheme of Arrangement between the Company and Scheme Shareholders under section 425 of the Act. At present, members of the WMI Group own in aggregate approximately 80 per cent. of the issued Ordinary Shares. The purpose of the Scheme is to provide for the Company to become wholly owned by members of the WMI Group, to be achieved by the cancellation of the Scheme Shares and for the reserve arising from such cancellation to be applied in paying up in full new shares in the Company with an aggregate nominal value equal to that of the cancelled Scheme Shares and issuing such new shares to WMII or as it may direct.

In proposing the Scheme, the Independent Directors have been advised by KPMG Corporate Finance and WMI has been advised by Merrill Lynch. We have been authorised by the boards of the Company and WMI, respectively, to write to you on their behalf to explain the Proposal and the provisions and effects of the Scheme. KPMG Corporate Finance and Merrill Lynch are acting only for the Company and WMI, respectively, in connection with the Proposal and neither KPMG Corporate Finance nor Merrill Lynch will treat any other person receiving or relying on this document as being, by virtue thereof, its client.

YOUR ATTENTION IS DRAWN TO THE LETTER FROM SIR WILLIAM BARLOW SET OUT IN PART 1 OF THIS DOCUMENT (WHICH FORMS PART OF THIS EXPLANATORY STATEMENT) SUMMARISING THE PROPOSAL, EXPLAINING THE BACKGROUND TO AND REASONS FOR THE PROPOSAL AND RECOMMENDING THAT SCHEME SHAREHOLDERS VOTE IN FAVOUR OF THE SCHEME AT THE FORTHCOMING MEETINGS.

UPON THE SCHEME BECOMING EFFECTIVE, IT WILL BE BINDING ON ALL HOLDERS OF SCHEME SHARES, IRRESPECTIVE OF WHETHER THEY ATTENDED OR VOTED AT THE COURT MEETING.

Holders of the WMI Group Shares are not entitled to vote at the Court Meeting, but will undertake to the Court to consent to the Scheme and to be bound by its terms.

Extraordinary General Meeting

The Scheme involves the cancellation of the Scheme Shares by way of a reduction of the share capital of the Company. Accordingly, the Scheme also requires the approval of Shareholders at the Extraordinary General Meeting. You will find on pages 80 and 81 of this document a notice of the Extraordinary General Meeting convened for the purpose of considering and, if thought fit, passing a special resolution to give effect to the Scheme. The special resolution also includes provisions amending the Articles of Association of the Company to ensure that any Ordinary Shares issued to any person before 5.30 pm on the business day immediately before the Hearing Date shall be subject to the Scheme and any Ordinary Shares allotted or issued after 5.30 pm on the business day immediately before the Hearing Date will not be subject to the Scheme but will be transferred to WMII on the basis set out in the notice of Extraordinary General Meeting. This latter provision will ensure that the WMI Group owns or controls all the Ordinary Shares in the Company if the Scheme becomes effective.

The Extraordinary General Meeting has been convened for 10.30 am (or as soon thereafter as the preceding Court Meeting has been concluded or adjourned) on 7 October 1998 at the same location as the Court Meeting. At the Extraordinary General Meeting it is necessary for the special resolution to be approved by a majority of not less than 75 per cent. of votes cast. All Shareholders are entitled to attend the Extraordinary General Meeting and vote on this resolution and the holders of the WMI Group Shares (representing approximately 80 per cent. of the issued Ordinary Shares) have confirmed that they intend to vote in favour of the resolution. Accordingly, should the holders of the WMI Group Shares so vote, the special resolution will be passed. Voting will be on a show of hands, unless a poll is demanded, in which case those present in person or by proxy will be entitled to one vote for each Ordinary Share held.

YOU ARE URGED TO COMPLETE AND RETURN THE BLUE FORM OF PROXY IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED THEREON AS SOON AS POSSIBLE, AND IN ANY EVENT BY 10.30 AM ON 5 OCTOBER 1998. RETURNING THE BLUE FORM OF PROXY WILL NOT PRECLUDE YOU FROM ATTENDING OR VOTING IN PERSON AT THE EXTRAORDINARY GENERAL MEETING SHOULD YOU WISH TO DO SO.

4. INFORMATION FOR HOLDERS OF ADRS

Holders of ADRs will not be entitled to attend the Court Meeting or the Extraordinary General Meeting (although the Depositary will be so entitled and will vote in accordance with valid instructions that may be received from holders of ADRs). Holders of ADRs who wish to attend the Court Meeting or the Extraordinary General Meeting should take steps to present their ADRs for cancellation to the Depositary, so that they become registered holders of Ordinary Shares prior to 5.30 pm on 5 October 1998, the day two days before the Meetings. The Meetings will take place on 7 October 1998.

Holders of ADRs wishing to give voting instructions to the Depositary should refer to the Transaction Statement for such information.

5. FINANCIAL EFFECTS OF THE SCHEME ON SCHEME SHAREHOLDERS

The following table shows, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects of the Proposal on capital value and income for a holder of 100 Scheme Shares if the Scheme becomes effective.

(a)Capital value	
Cash consideration	(Pounds)345.00
Market value of 100 Ordinary Shares on 26 June 1998	(Pounds)247.50*
Increase in capital value	39%**

(b)Income

The Company has never paid a dividend to its shareholders. The future income of the Scheme Shareholders, if the Scheme becomes effective, will depend on how they reinvest the cash proceeds.

- - - - -
 * The market value is based on the closing middle market quotation of 247.5p per Ordinary Share as derived from the London Stock Exchange Daily Official List for 26 June 1998, the last business day prior to the announcement of the Proposal.

** No account has been taken of any liability to taxation.

6. CONDITIONS AND OPERATION OF THE SCHEME

Implementation of the Scheme is subject to, and conditional upon, inter alia:

- (a) approval of the Scheme by a majority in number of the Scheme Shareholders, present and voting either in person or by proxy, representing 75 per cent. in value of the Scheme Shares voted at the Court Meeting or at any adjournment thereof;
- (b) the special resolution set out on pages 80 to 81 of this document being passed at the Extraordinary General Meeting or at any adjournment thereof; and
- (c) the Scheme being sanctioned by the Court, with or without modification as provided for in the Scheme, and an office copy of the order of the Court being delivered for registration to the Registrar of Companies in England and Wales (and registered by him in relation to the reduction of capital) not later than 31 December 1998, or such later date as the Company and WMII may agree and the Court may allow.

Further details of the terms and conditions of the Scheme are set out in Part 5 of this document.

If the Scheme does not become effective on or before 31 December 1998, or such later date as the Company and WMII may agree and the Court may allow, it will lapse.

The purpose of the Scheme is to provide for the Company to become a wholly owned subsidiary of the WMI Group, to be achieved by the cancellation of the Scheme Shares and for the reserve arising from such cancellation to be applied in paying up in full new shares in the Company with an aggregate nominal value equal to that of the cancelled Scheme Shares and issuing such new shares to WMII or as it may direct.

7. SETTLEMENT AND CANCELLATION OF LISTING

Subject to the Scheme becoming effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

- (a) Scheme Shares in certificated form

Cheques in respect of the cash receivable under the Scheme will be posted to Scheme Shareholders who hold their Scheme Shares in certificated form (i.e. not in CREST) by no later than 14 days after the Effective Date.

(b) Scheme Shares in uncertificated form (i.e. in CREST)

Subject to (c) below, where Scheme Shares are held in uncertificated form (i.e. in CREST), the cash receivable under the Scheme will be paid to Scheme Shareholders through CREST by no later than 14 days after the Effective Date. However, WMII may (if, for any reason, it wishes to do so) determine that all or part of such cash will be paid instead by cheque despatched by post no later than 14 days after the Effective Date.

(c) Dollar Election

Cheques in respect of the US dollar amount receivable under the Scheme will be posted to Scheme Shareholders who have made a Dollar Election by no later than 14 days after the Effective Date.

(d) ADR Holders

ADR Holders should refer to the Transaction Statement for details of settlement.

(e) General

All documents and remittances sent by or to Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.

Entitlements under the Scheme will be determined by reference to holdings of Scheme Shares at 5.30 pm on the Record Date.

The London Stock Exchange will be requested to cancel the listing of Ordinary Shares with effect from the close of business on the Effective Date. Upon the Scheme becoming effective, certificates for Scheme Shares will cease to be of value and should, if so requested by the Company, be sent to the Company for cancellation. The Company proposes that the Record Date will be the last date for dealings in Ordinary Shares on the London Stock Exchange.

8. MANAGEMENT AND EMPLOYEES

Following implementation of the Proposal it is the intention of the Independent Directors to resign from the board of the Company. WMI has confirmed that, following implementation of the Proposal, the existing rights, including pension rights, of employees of the Company will be fully safeguarded.

9. SHARE OPTION PLANS

Optionholders should refer to the separate letter sent to them by the Company.

10. TAXATION

Taxation information for United Kingdom and United States Shareholders or ADR holders is summarised in Part 6 of this document. These summaries are intended only as a general guide to current law and practice. ANYONE WHO IS IN ANY DOUBT AS TO HIS TAX POSITION, OR WHO IS SUBJECT TO TAX IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM OR THE UNITED STATES, SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER.

11. INFORMATION ON THE COMPANY

The Company, acting through the members of the Group, is a leading international provider of waste management services and conducts substantially all of the waste management operations of WMI located outside North America. The Company provides a wide range of solid and hazardous waste management services, including the collection, transportation, storage, treatment, recycling and disposal of waste. It develops and operates water and wastewater treatment facilities and it performs certain related environmental services. Such services are integrated to varying degrees in different markets depending on facilities, regulatory limitations, and the stage of market penetration. The Company currently operates in 18 countries.

The Company's consolidated net sales and profit after tax and minority interests for the year ended 31 December 1997 were (Pounds)1.1 billion and (Pounds)21.3 million, respectively.

Further information relating to the Company is set out in Part 3 of this document. In addition, the Transaction Statement (which is required in order to comply with regulatory requirements in the United States) contains certain additional information including additional financial information about the Company, WMI and Old WMI. Any projections included in such financial information are not intended to constitute a profit forecast by the Company, its Directors or by anyone else and Scheme Shareholders should not rely on any such projections in making any decisions concerning the Scheme.

12. INFORMATION ON WMI AND OLD WMI

WMI, together with its subsidiaries, including Old WMI, is a leading international provider of waste management services. WMI is the largest waste management services company in North America and has an extensive network of landfills, collection operations and transfer stations throughout North America. Through Wheelabrator Technologies Inc., WMI is a leading developer of facilities for, and provider of services to, the trash-to-energy and waste-fuel powered independent power markets. The Company is a leading international provider of waste management services and conducts substantially all of the waste management operations of WMI located outside of North America.

On March 10, 1998, Old WMI entered into a merger agreement with USA Waste Services, Inc. which provided, subject to the satisfaction of the conditions contained therein, that a wholly-owned subsidiary of USA Waste Services, Inc. would be merged with and into Old WMI. On July 16, 1998, the Merger was consummated.

Further information relating to WMI is set out in Part 4 of this document.

13. DIRECTORS' INTERESTS

The interests (for the purposes of Part X of the Act) of the Directors in the Ordinary Shares are set out in paragraph 4 of Part 7 of this document. The effect of the Scheme on the interests of the Directors does not differ from its effect on the like interests of any other Scheme Shareholder. Certain of the Directors have options granted under the Share Option Plans which will become exercisable as a result of the Proposal.

14. ACTION TO BE TAKEN

You will find enclosed with this document:

- -- a pink form of proxy for use at the Court Meeting;
- --a blue form of proxy for use at the Extraordinary General Meeting; and
- --a green Dollar Election Form.

Whether or not you intend to be present at the Court Meeting or the Extraordinary General Meeting, it is important that you complete, sign and return the pink and blue forms of proxy as soon as possible, and in any event, so as to arrive at the offices of Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than 10.00 am and 10.30 am, respectively, on 5 October 1998. If the pink form of proxy is not so lodged it may be handed to the Chairman of the Court Meeting at that meeting. The completion and return of the forms of proxy will not prevent you from attending either or both of the meetings and voting in person if you wish to do so.

Scheme Shareholders wishing to elect for the Dollar Election in respect of their Scheme Shares should also complete, sign and return the Dollar Election Form so as to arrive at the offices of Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than 5.30 pm on 2 November 1998.

Shareholders who wish to receive payment in sterling should not complete the Dollar Election Form.

15. FURTHER INFORMATION

Your attention is also drawn to Parts 3 to 7 of this document which contain additional information.

Yours faithfully

for KPMG Corporate Finance

for and on behalf of Merrill Lynch International

Stephen Barrett

Laurent Haziza

Partner

Director,
Investment Banking

A-17

PART 3

INFORMATION ON THE COMPANY

1. INTERIM ANNOUNCEMENT OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 1998

Following are the Group's interim results for the six months to 30 June 1998, including the full text of the announcement dated 22 July 1998 made by the Company:

London 22 July 1998 -- 3.00 pm

WASTE MANAGEMENT INTERNATIONAL PLC ANNOUNCES SECOND QUARTER RESULTS FOR 1998

- . Turnover for the second quarter was (Pounds)227.2 million compared with (Pounds)282.2 million in the same period in 1997
- . Operating profits as a percentage of turnover were 10.1% compared with 13.3% in the second quarter of 1997
- . Profits before tax were (Pounds)29.8 million compared with (Pounds)35.2 million for the same period in 1997
- . Cash flow for the quarter was (Pounds)13.7 million
- . Results include a non-operating gain of (Pounds)6.5 million before tax
- . The Company and its South American partner to acquire 80% of Brazil's leading solid waste company for US\$88 million
- . Earnings per share were 5.5p compared to 5.2p in 1997

FIRST SIX MONTHS

Turnover for the first six months was (Pounds)450.6 million compared to (Pounds)560.1 million in the same period in 1997. Operating profits as a percentage of turnover were 9.9% compared to 13.4% in 1997. Profits before taxation, including non-operating gains totalling (Pounds)22.6 million, were (Pounds)67.2 million compared with (Pounds)69.1 million in 1997. Earnings per share for the first half were 8.5p compared with 9.7p in 1997.

CHIEF EXECUTIVE'S STATEMENT FROM BO GABRIELSON

In our first quarter announcement, we expressed our intention to increase acquisition and project development activities in order to leverage the Company's strong balance sheet. Since then, we have completed three tuck-in acquisitions which will strengthen our operations in Australia, New Zealand and Denmark, and we have agreed together with our South American partner to acquire an 80% stake in Brazil's leading solid waste company. This acquisition will serve as our platform for growth in the most dynamic economy in South America.

Overall, we were satisfied with the performance of most of our operations during the quarter, although the problems that have impacted our Italian business persist. Difficult trading conditions and delays in permitting new landfill capacity continue to impact our performance in Italy. We have appointed a new country manager and are continuing our efforts to obtain additional disposal space.

The reduction in turnover from the second quarter last year was largely due to the termination of services in Buenos Aires, the 1997 sale of our businesses in France and Spain and the sale in January 1998 of our German waste-to-energy facility. Lower volumes in Italy and the effect of currency translations on non-sterling revenues also contributed to the reduction in turnover. Cash flow for the year to date was (Pounds)84.4 million.

On 30 June, the Company announced it had agreed the terms of a proposal to become an indirect wholly owned subsidiary of its majority shareholder, Waste Management, Inc. Under the proposal, holders of the approximately 20% outstanding ordinary shares of Waste Management International not currently owned by Waste Management subsidiaries will receive 345p in cash for each ordinary share held. On the announcement date, the proposal valued each Waste Management International ADR (each representing two Waste Management International ordinary shares) at approximately \$11.50. The US dollar value of the proposal will fluctuate with the sterling-dollar exchange rate.

On 16 July, our US parent merged with USA Waste Services, Inc. The new combined company is called Waste Management, Inc. Following completion of the merger, the Company received notice from Wessex Water Plc, its UK joint venture partner, that the merger constituted an "Event of Default" under the joint venture agreement. As previously disclosed, the change in control of the Company's former parent company may constitute an "Event of Default" under the agreement, thereby giving Wessex the right to require the Company to sell its 51% interest in Wessex Waste Management for its fair value. Wessex's notice does not indicate an intention to exercise this right and Wessex has publicly stated that it has not decided whether to exercise such right. Neither the consummation of the merger nor the exercise by Wessex of its "call" right would affect the pending proposal to acquire the publicly-traded shares of Waste Management International.

The Company and its South American partner, Sideco Americana, agreed to acquire an 80% interest in Enterpa Ambiental SA (EASA), the largest solid waste company in Brazil. Waste Management International will obtain a 32% stake in EASA for a cost of US\$35.2 million in cash and notes. Together, the Company and Sideco have the right after three years to acquire the remaining 20% of EASA. This acquisition will provide us with the vehicle to take advantage of Brazil's high rate of urbanisation and the country's rapid drive towards privatisation of public services.

BO GABRIELSON, CHIEF EXECUTIVE -- 22 JULY 1998

Waste Management International plc is a leading provider of comprehensive solid and hazardous waste management services, including collection, transportation, storage, treatment, recycling, incineration, disposal, waste-to-energy facilities and water and wastewater treatment.

The Company currently operates in eight European countries -- Austria, Denmark, Finland, Germany, Italy, the Netherlands, Sweden, and the United Kingdom -- as well as Argentina, Australia, Brazil, Brunei, China (including the Hong Kong SAR), Indonesia, Israel, Malaysia, New Zealand and Thailand.

WASTE MANAGEMENT INTERNATIONAL PLC
GROUP PROFIT AND LOSS ACCOUNTS
(UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	1998 (Pounds)000	1997 (Pounds)000	1998 (Pounds)000	1997 (Pounds)000
Turnover	227,224	282,193	450,603	560,114
Operating expenses	176,405	213,287	349,480	422,411
Selling and administrative expenses	27,913	31,332	56,627	62,851
Operating profit	22,906	37,574	44,496	74,852
Interest income	1,064	2,136	2,040	5,808
Interest expense	(1,975)	(4,976)	(4,112)	(12,091)
Other income (expense), net	7,811	458	24,768	530
Profit on ordinary activities before taxation	29,806	35,192	67,192	69,099
Tax on profit on ordinary activities	5,660	10,942	26,500	21,318
Profit on ordinary activities after taxation	24,146	24,250	40,692	47,781
Minority interests	3,674	4,910	8,703	11,519
Retained profit for the period attributable to shareholders	20,472	19,340	31,989	36,262
Average ordinary shares outstanding	375,273	375,273	375,273	375,272
Earnings per ordinary share	5.5p	5.2p	8.5p	9.7p

Net income and Earnings per Ordinary Share determined in accordance with United States generally accepted accounting principles (US GAAP) are shown in the following table:

	1998 (Pounds)000	1997 (Pounds)000	1998 (Pounds)000	1997 (Pounds)000
Net income (retained profit) as shown above	20,472	19,340	31,989	36,262
Sale of businesses	--	--	8,841	--
Amortisation of goodwill, net	(4,305)	(4,909)	(8,650)	(10,077)
Net income in accordance with US GAAP	16,167	14,431	32,180	26,185
Net income per ordinary share in accordance with US GAAP	4.3p	3.8p	8.6p	7.0p

WASTE MANAGEMENT INTERNATIONAL PLC
GROUP BALANCE SHEET
(UNAUDITED)

	30 June 1998	31 December 1997
	-----	-----
	(Pounds)000	(Pounds)000
	-----	-----
FIXED ASSETS		
Tangible assets	601,953	653,851
Investments	6,920	6,349
	-----	-----
	608,873	660,200
	-----	-----
CURRENT ASSETS		
Debtors: amounts due within one year	266,167	279,955
Debtors: amounts due after one year	76,528	75,788
Prepayments, parts and supplies	24,879	24,978
Deferred costs: amounts to be released within one year	3,752	4,147
Deferred costs: amounts to be released after one year	26,029	21,093
Investments	738	5
Cash at bank and in hand	29,399	36,652
	-----	-----
	427,492	442,618
CREDITORS: amounts due within one year	(342,247)	(398,389)
	-----	-----
NET CURRENT ASSETS	85,245	44,229
	-----	-----
Total assets less current liabilities	694,118	704,429
CREDITORS: amounts due after one year	(50,199)	(136,313)
Provisions for liabilities and charges	(113,378)	(107,300)
	-----	-----
NET ASSETS	530,541	460,816
	=====	=====
CAPITAL AND RESERVES		
Called-up share capital	37,527	37,527
Other reserves	862,171	862,171
Foreign currency translation reserve	14,271	21,516
Profit and loss account	367,751	335,763
Goodwill reserve	(860,989)	(911,691)
	-----	-----
Total equity shareholders' funds	420,731	345,286
MINORITY INTERESTS	109,810	115,530
	-----	-----
TOTAL CAPITAL EMPLOYED	530,541	460,816
	=====	=====

WASTE MANAGEMENT INTERNATIONAL PLC
GROUP CASH FLOW STATEMENT
(UNAUDITED)

	For the six months ended 30 June	
	1998	1997
	(Pounds)000	(Pounds)000
OPERATING ACTIVITIES		
Operating profit	44,496	74,852
Depreciation charges	38,654	43,812
Loss on sale of tangible fixed assets	808	31
Decrease/(increase) in debtors and prepayments, parts and supplies	2,749	(8,250)
Decrease/(increase) in deferred costs	140	(850)
Decrease in creditors and accruals	(36,504)	(17,763)
Decrease in provisions	(1,076)	(1,767)
	49,267	90,065
NET CASH INFLOW FROM OPERATING ACTIVITIES		
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received	2,040	5,808
Interest paid	(4,325)	(14,555)
Dividends paid to minority interests	(7,096)	(4,593)
Other income	8,068	263
	(1,313)	(13,077)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
TAX PAID		
	(5,324)	(2,471)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(45,565)	(34,921)
Sale/(purchase) of investments	(373)	182,243
Sale of tangible fixed assets	13,075	3,618
	(32,863)	150,940
NET CASH FLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
ACQUISITIONS AND DISPOSALS		
Purchase of subsidiary undertakings	(725)	(2,230)
Sale of subsidiary undertakings	81,455	31,779
Changes in minority interests	(5,641)	(2,499)
	75,089	27,050
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS		
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING ACTIVITIES		
	84,856	252,507
MANAGEMENT OF LIQUID RESOURCES	(413)	--
	84,443	252,507
NET CASH INFLOW BEFORE FINANCING ACTIVITIES		
FINANCING ACTIVITIES		
Exercise of share options	--	3
New loans	146,570	206,697
Changes in indebtedness with ultimate parent company	1,709	(93,629)
Repayments of loans	(239,524)	(351,256)
	(91,245)	(238,185)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		
INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND	(6,802)	14,322

2. FINANCIAL INFORMATION ON THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 1997

The financial information set out in this paragraph 2 of Part 3 of this document has been extracted without material adjustment from the consolidated financial statements of the Group for each of the three years ended 31 December 1997. The financial information does not constitute statutory accounts of the Group within the meaning of section 240 of the Act. Arthur Andersen, chartered accountants and registered auditors, of 1 Surrey Street, London, WC2R 2PS are the Group's auditors and have reported on the statutory accounts of the Group for each of the three years ended 31 December 1997 within the meaning of section 235 of the Act. Each such report was unqualified within the meaning of section 262(1) of the Act and did not contain a statement under section 237(2) or (3) of the Act. Statutory accounts for the years ended 31 December 1995, 1996 and 1997 have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Act.

In relation to notes 23 and 25 of the "Notes to the Accounts", subsequent to the date of the consolidated financial statements the Merger was consummated. As a result, WMI is now the ultimate parent company of the Company. In relation to note 25, please also refer to pages 70 and 71.

WASTE MANAGEMENT INTERNATIONAL PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	1997 (Pounds) 000	1996 (Pounds) 000	1995 (Pounds) 000
		-----	-----	-----
TURNOVER				
Continuing operations		1,078,238	1,218,894	1,180,783
Acquisitions		9,358	--	--
		-----	-----	-----
	2	1,087,596	1,218,894	1,180,783
Operating expenses		(826,947)	(910,080)	(866,477)
Exceptional charges	22	(65,456)	(127,735)	(123,160)
Selling and administrative expenses		(125,447)	(143,673)	(149,289)
		-----	-----	-----
OPERATING PROFIT				
Continuing operations		68,624	37,406	41,857
Acquisitions		1,122	--	--
		-----	-----	-----
	2	69,746	37,406	41,857
Other interest receivable		10,704	7,962	10,718
Other income, net	3	2,130	25,437	23,686
Interest payable	4	(18,890)	(39,863)	(53,136)
Write down of investment	10c	--	(18,500)	--
		-----	-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				
	5	63,690	12,442	23,125
Tax on profit on ordinary activities	7	(25,029)	(59,979)	(10,942)
		-----	-----	-----
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION				
		38,661	(47,537)	12,183
Minority interests		(17,363)	(18,662)	(15,642)
		-----	-----	-----
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR				
		21,298	(66,199)	(3,459)
		=====	=====	=====
EARNINGS/(LOSS) PER ORDINARY SHARE				
	8	5.7p	(17.6)p	(0.9)p
		=====	=====	=====
Weighted average number of ordinary shares in issue during the year		375,273,000	375,213,000	375,121,000
		=====	=====	=====

A statement of movements on reserves and total equity shareholders' funds is given in Note 18.

The accompanying notes are an integral part of the Profit and Loss Account.

WASTE MANAGEMENT INTERNATIONAL PLC
 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
 FOR THE YEAR ENDED 31 DECEMBER

	1997 (Pounds)000 -----	1996 (Pounds)000 -----	1995 (Pounds)000 -----
Retained profit/(loss) for the financial year	21,298	(66,199)	(3,459)
Effect of foreign exchange rate changes on foreign currency net investments	(26,060)	(8,657)	1,327
	-----	-----	-----
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(4,762)	(74,856)	(2,132)
	=====	=====	=====

WASTE MANAGEMENT INTERNATIONAL PLC

BALANCE SHEET

31 DECEMBER

	Notes	Group		Company	
		1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
FIXED ASSETS					
Tangible assets	9	653,851	766,819	--	--
Investments	10	6,349	10,442	677,009	857,652
		-----	-----	-----	-----
		660,200	777,261	677,009	857,652
		-----	-----	-----	-----
CURRENT ASSETS					
Debtors: amounts due within one year	11	279,955	391,342	2,961	--
Debtors: amounts due after one year	11	75,788	86,589	102,766	108,286
Prepayments, parts and supplies		24,978	28,952	435	497
Deferred costs: amounts to be released within one year	12	4,147	3,906	--	--
Deferred costs: amounts to be released after one year	12	21,093	31,216	--	--
Investments	13	5	183,283	--	--
Cash at bank and in hand		36,652	40,891	40	2,515
		-----	-----	-----	-----
		442,618	766,179	106,202	111,298
		-----	-----	-----	-----
CREDITORS: Amounts due within one year	14	(398,389)	(529,071)	(774)	(33,072)
		-----	-----	-----	-----
NET CURRENT ASSETS		44,229	237,108	105,428	78,226
		-----	-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		704,429	1,014,369	782,437	935,878
CREDITORS: Amounts due after one year	15	(136,313)	(453,358)	--	(154,861)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(107,300)	(125,935)	156	(1,123)
		-----	-----	-----	-----
NET ASSETS		460,816	435,076	782,593	779,894
		=====	=====	=====	=====
CAPITAL AND RESERVES					
Called-up equity and share capital	17	37,527	37,527	37,527	37,527
Share premium account	18	394,199	394,196	394,199	394,196
Other reserves	18	467,972	467,972	325,880	326,162
Foreign currency translation reserve	18	21,516	47,576	--	--
Profit and loss account	18	335,763	314,465	24,987	22,009
Goodwill reserve	18	(911,691)	(946,834)	--	--
		-----	-----	-----	-----
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	345,286	314,902	782,593	779,894
MINORITY INTERESTS		115,530	120,174	--	--
		-----	-----	-----	-----
TOTAL CAPITAL EMPLOYED		460,816	435,076	782,593	779,894
		=====	=====	=====	=====

The accompanying notes are an integral part of these Balance Sheets.

WASTE MANAGEMENT INTERNATIONAL PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	1997	1996
Notes	(Pounds)000	(Pounds)000
	-----	-----
OPERATING ACTIVITIES		
Operating profit	69,746	37,406
Depreciation and amortisation charges	87,379	97,351
Profit on sale of property and equipment	(663)	(480)
Exceptional charge	65,456	127,735
(Increase)/decrease in debtors and prepaid expenses, parts and supplies	67,438	(24,354)
(Increase)/decrease in deferred costs	(1,134)	6,047
Increase/(decrease) in creditors and accrued expenses	(25,213)	1,742
Decrease in deferred items	(2,175)	(24,776)
	-----	-----
NET CASH INFLOW FROM OPERATING ACTIVITIES	260,834	220,671
	-----	-----
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	10,704	7,962
Interest paid	(22,827)	(45,492)
Dividends paid to minority interests	(17,819)	(596)
Other income/(expense)	1,568	(316)
Dividends received	39	1,906
	-----	-----
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(28,335)	(36,536)
	-----	-----
TAX PAID		
United Kingdom corporation tax	(5,630)	(2,519)
Overseas tax	(10,166)	(16,764)
	-----	-----
NET CASH OUTFLOW FROM TAXES PAID	(15,796)	(19,283)
	-----	-----
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(87,755)	(130,734)
Purchase of investments	(2,190)	(2,074)
Sale of tangible fixed assets	15,752	22,966
	-----	-----
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(74,193)	(109,842)
	-----	-----
ACQUISITIONS AND DISPOSALS		
Purchase of subsidiary undertakings (net of cash acquired)	19a (6,431)	(9,049)
Sale of investments in affiliates	184,798	5,299
Sale of business (net of cash divested)	19b 71,686	--
Changes in minority interests	(543)	4,595
	-----	-----
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS	249,510	845
	-----	-----
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	392,020	55,855
	-----	-----
MANAGEMENT OF LIQUID RESOURCES	3,240	(3,144)
	-----	-----
NET CASH INFLOW BEFORE FINANCING	395,260	52,711
	-----	-----
FINANCING ACTIVITIES		
Exercise of share options	3	283
New loans	277,055	347,983
Changes in indebtedness with ultimate parent company	(92,137)	9,805
Repayment of loans	(582,564)	(405,483)
	-----	-----
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(397,643)	(47,412)
	-----	-----
INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND	(2,383)	5,299
	=====	=====
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Increase/(decrease) in cash	(2,383)	5,299
Effect of foreign exchange rate changes	(1,856)	(2,409)
Change in liquid resources	(3,240)	3,144

Change in debt		442,184	129,839
		-----	-----
Change in net debt		434,705	135,873
Net debt at beginning of period		(597,809)	(733,682)
		-----	-----
NET DEBT AT END OF PERIOD	19c	(163,104)	(597,809)
		=====	=====

The accompanying notes are an integral part of this Group Cash Flow Statement.

WASTE MANAGEMENT INTERNATIONAL PLC

NOTES TO THE ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

A summary of the principal accounting policies adopted in arriving at the financial information set out in this report, all of which have been applied consistently throughout the year and throughout the preceding years, is set out below:

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with the accounting standards applicable in the United Kingdom.

Basis of consolidation

Subsidiary undertakings acquired by the Group during the year are accounted for using the acquisition method of accounting. Goodwill arising on consolidation of those undertakings (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, having made appropriate provisions) is written off against reserves on acquisition. The allocation of fair values in respect of the net assets of subsidiary undertakings acquired is based on the best information available, which may initially include estimates. As a result, subsequent adjustments to fair values may be required.

In December 1997 the UK Accounting Standards Board (ASB) issued FRS 10 "Goodwill and Intangible Assets". This statement is effective for accounting periods ending on or after 23 December 1998 although early adoption is encouraged. FRS 10 will require newly purchased goodwill to be classified as an amount on the balance sheet and amortised over its useful economic life. Existing goodwill can either remain in equity, but be eliminated against reserves until sold or otherwise impaired, or presented on the balance sheet (net of amortisation attributable to prior years). The Group is currently examining the most appropriate method for adoption of FRS 10.

In the Company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off. Dividends received and receivable are credited to the Company's profit and loss account.

No profit and loss account is presented for the Company as provided by Section 230 of the Act. The Company's retained profit for the financial year determined in accordance with the Act, was (Pounds)2,978,000 (1996--retained loss (Pounds)1,815,000).

Tangible fixed assets

Tangible fixed assets are shown at original historical cost less accumulated depreciation. Disposal sites are carried at historical cost and, to the extent this exceeds estimated end of use realisable value, such excess is depreciated over the estimated life of the disposal site. Site preparation and permit costs are capitalised and charged to operations over the estimated useful life of the site or term of the permit; operating costs are expensed as incurred. Preparation costs for individual secure land disposal cells are capitalised and amortised as the airspace is filled.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Land improvements and disposal sites	Economic life not exceeding 40 years
Buildings	10-40 years
Heavy collection vehicles	8-10 years
Leasehold improvements	Lesser of term of lease or economic life not exceeding 40 years
Machinery, equipment, and containers	2-20 years

Profits or losses on the disposal of fixed assets are included in the calculation of operating expenses.

Investments

Except as stated below, fixed asset investments are shown at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

Interests in associated undertakings

Associated undertakings are entities in which a consolidated member of the Group has a participating interest or over whose operating and financial policy it exercises a significant influence. These investments are dealt with by the equity method of accounting. That is, the Group profit and loss account includes the appropriate share of these companies' profits less losses and the Group's share of post-acquisition retained profits and changes in reserves is added to the fair value of the investment in the Group balance sheet.

Any difference between the aggregate of the fair value of the net assets acquired and the fair value of the consideration given is taken directly to reserves.

Long-term contracts

Profit on long-term engineering, construction and operating contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on contracts in the year in which they are first foreseen.

Deferred costs

Expenditure incurred on specific projects is carried forward when its recoverability can be foreseen with reasonable assurance, and amortised in relation to the turnover from such projects. The directors consider this treatment results in a proper matching of costs and turnover.

Taxation

Corporate taxes payable are provided on taxable profits at the current rate.

Deferred taxation has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Foreign currencies

For the purpose of consolidation, the results of overseas subsidiary undertakings are translated into pounds sterling using the net investment method under which translation gains or losses are shown as a movement on reserves. Profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rate and the difference in relation to year end rates is taken directly to reserves. For subsidiary undertakings operating in countries where hyper-inflation exists the temporal method is used, under which all foreign exchange gains and losses are dealt with in the Group profit and loss account.

Turnover

Turnover, which excludes turnover taxes, represents sales of services to third parties in the normal course of business, and is recognised as services are performed.

Leases

Rentals on operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on charges in the year and future commitments is given in Notes 5 and 20c.

Environmental liabilities

The Group provides for closure and post-closure monitoring costs over the operating life of disposal sites as air space is consumed. These costs include such items as the final cap and cover on the site, methane gas and leachate management, and groundwater monitoring. The Group has also established procedures to evaluate potential environmental remediation liabilities at sites which it owns or operated, including sites acquired in business combinations. Where the Group concludes that it is probable that a liability has been incurred, provision is made in the financial statements for the Group's best estimate of the liability. Such estimates are subsequently revised as deemed necessary as additional information becomes available. Pursuant to the Intercorporate Services Agreement ("ISA"), Old WMI agreed to pay the Company \$285,000,000 with respect to certain environmental costs associated with sites and facilities owned, leased, operated or used by the Group on or prior to 31 December 1991.

Pensions

The Group operates defined benefit pension schemes which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Group. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the Group balance sheet. In addition, the Group also operates defined contribution pension schemes. Further information on pension arrangements is given in Note 20d.

Reclassifications

Certain amounts in previously issued financial statements have been reclassified to conform to 1997 classifications.

NOTE 2 SEGMENT INFORMATION

Substantially all of the operations of the Group are concerned with its principal activity of providing waste management and related services outside North America.

Contributions to Group turnover, operating profit and net assets by geographical area are as follows:

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
TURNOVER			
Italy	270,396	298,769	273,295
Rest of Europe	577,644	671,450	686,873
Asia, Pacific	180,700	176,313	151,746
Other	58,856	72,362	68,869
	-----	-----	-----
	1,087,596	1,218,894	1,180,783
	=====	=====	=====
OPERATING PROFIT/(LOSS)			
Italy	(8,638)	23,795	(235)
Rest of Europe	43,315	(26,315)	26,483
Asia, Pacific	34,375	30,231	17,970
Other	694	9,695	(2,361)
	-----	-----	-----
	69,746	37,406	41,857
	=====	=====	=====

The total figures for operations in 1997 included the following amounts relating to acquisitions: operating expenses of (Pounds)6.3 million (1996 - (Pounds)8.7 million) and selling and administrative expenses of (Pounds)1.9 million (1996 - (Pounds)1.0 million). Operating profits were reduced by the exceptional charges discussed in Note 22.

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
	-----	-----	-----
ANALYSIS OF NET ASSETS			
Italy	127,739	154,301	165,181
Rest of Europe	309,525	406,111	441,068
Asia, Pacific	179,764	233,981	246,658
Other	14,601	40,457	28,847
	-----	-----	-----
	631,629	834,850	881,754
Unallocated items, principally debt	(170,813)	(399,774)	(506,599)
	-----	-----	-----
	460,816	435,076	375,155
	=====	=====	=====

The Group has operations in Hong Kong. The Hong Kong economy has been impacted by the economic uncertainty associated with many of the countries in the region. High and volatile interest rates have been associated with speculation regarding the future of the currency. In addition to Hong Kong, the Group does business in Indonesia and Thailand. These countries have experienced illiquidity, volatile currency exchange and interest rates and reduced economic activity. The Group will be affected for the foreseeable future by the economic conditions in this region although it is not possible to determine the extent of such impact. At 31 December 1997, the Group had a net investment of (Pounds)65.1 million in these countries (including Hong Kong). Pre-tax income from Indonesia and Thailand has not been significant to date. In 1997 the pre-tax income generated from the Hong Kong operations was (Pounds)15,645,000, after minority interests.

Late in 1997 the Group learnt that its bid to renew its city cleaning contract in Buenos Aires, Argentina had been unsuccessful, and the Group's contract would terminate on 31 January 1998. In 1997 operations in Argentina generated approximately (Pounds)58,856,000 in turnover, and pre-tax income after minority interest but before the exceptional charge of (Pounds)9,527,000.

The segment information presented in this note includes the Group's Hamm, Germany facility which was sold in January 1998 (see Note 20).

NOTE 3 OTHER INCOME, NET

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
	-----	-----	-----
Income from interests in associated under- takings	457	25,753	24,879
Other income/(expense)	1,673	(316)	(1,193)
	-----	-----	-----
	2,130	25,437	23,686
	=====	=====	=====

The Group's interests in associated undertakings are described in Note 10c.

NOTE 4 INTEREST PAYABLE

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
	-----	-----	-----
On bank loans, overdrafts and other loans			
- --repayable within five years, by instal- ments	3,358	5,117	6,645
- --repayable within five years, not by in- stalments	18,404	33,175	50,781
On other loans	286	829	1,209
On advances from ultimate parent company	779	6,371	1,244
Interest capitalised	(3,937)	(5,629)	(6,743)
	-----	-----	-----

18,890 39,863 53,136
=====

Interest has been capitalised on significant land disposal cells and projects under development.

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NOTE 5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
Profit on ordinary activities before taxation is stated after charging:			
Depreciation of tangible fixed assets	87,379	97,351	88,397
Hire of vehicles and equipment under operating leases	7,131	8,934	9,038
Other operating leases rentals	12,547	12,756	12,754
Auditors' remuneration in respect of audit services	1,201	1,317	1,351
Staff costs (see Note 6)	324,473	397,412	398,344

Non-audit fees paid to Arthur Andersen in the UK relating to 1997 amounting to (Pounds)143,000 (1996--(Pounds)103,000; 1995--(Pounds)156,000) were charged to the profit and loss account.

NOTE 6 STAFF COSTS

	1997 Number employed	1996 Number employed	1995 Number employed
The average weekly number of persons employed by the Group during the year was as follows:			
Operations	13,494	15,428	16,098
Administration	2,046	2,094	2,234
	-----	-----	-----
	15,540	17,522	18,332
	=====	=====	=====

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
Employee costs (including executive directors) during the year amounted to:			
Wages and salaries	256,609	315,901	317,912
Social Security costs	61,652	75,284	74,484
Other pension costs (see Note 20d)	6,212	6,227	5,948
	-----	-----	-----
	324,473	397,412	398,344
	=====	=====	=====
Directors' remuneration:			
Fees as directors	139	150	150
Other emoluments (including accrued pension contributions)	1,187	1,144	674
	-----	-----	-----
Total remuneration	1,326	1,294	824
	=====	=====	=====
The directors' remuneration shown above (excluding accrued pension contributions) included:			
Highest paid director	398	570	164
	=====	=====	=====

NOTE 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 (Pounds)000	1996 (Pounds)000	1995 (Pounds)000
The tax charge is based on the profit for the year and comprises:			
Current taxation	26,475	18,466	24,003
Deferred taxation	(1,446)	41,513	(13,061)
	-----	-----	-----
United Kingdom corporation tax at 31.5% was (Pounds)6,118,000 (1996--(Pounds)27,840,000; 1995--(Pounds)4,647,000)	25,029	59,979	10,942

=====

=====

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NOTE 8 EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation and minority interests of the Group and the weighted average number of ordinary shares in issue during the year. The exercise of outstanding share options would not result in a material dilution of earnings per ordinary share.

NOTE 9 TANGIBLE FIXED ASSETS

The Group's movement during 1997 comprises:

	Land and buildings				Total (Pounds)000
	Land, primarily disposal sites (Pounds)000	Buildings (Pounds)000	Leasehold improve- ments (Pounds)000	Vehicles and equipment (Pounds)000	
COST					
Beginning of the year	266,118	142,481	15,914	716,378	1,140,891
Additions	19,102	4,430	1,768	66,392	91,692
Subsidiary undertakings acquired	5	563	--	3,453	4,021
Disposals	(20,734)	(9,683)	(2,812)	(59,411)	(92,640)
Other	4,981	5,132	27	(10,140)	--
Exchange adjustment	(19,565)	(13,468)	(948)	(64,791)	(98,772)
End of the year	249,907	129,455	13,949	651,881	1,045,192
DEPRECIATION					
Beginning of the year	74,113	30,054	7,733	262,172	374,072
Charge	18,816	5,946	1,326	61,291	87,379
Disposals	(8,391)	(1,807)	(738)	(23,853)	(34,789)
Other	161	(228)	(141)	208	--
Exchange adjustment	(6,265)	(3,114)	(434)	(25,508)	(35,321)
End of the year	78,434	30,851	7,746	274,310	391,341
NET BOOK VALUE					
Beginning of the year	192,005	112,427	8,181	454,206	766,819
End of the year	171,473	98,604	6,203	377,571	653,851

NOTE 10 FIXED ASSET INVESTMENTS

	Group		Company	
	1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
Investment in subsidiary undertakings, at cost	--	--	556,149	556,149
Investment in associated undertakings	4,729	6,568	--	--
Other investments and loans	1,620	3,874	120,860	301,503
	6,349	10,442	677,009	857,652

a) Principal Group investments

The Company and the Group have investments in the following subsidiary undertakings all of which principally affected the profits or net assets of the Group. Details concerning investments which are not significant have been omitted from the list set out below in order to avoid a statement of excessive length.

	Country of incorporation or registration and operation	Principal activity	Percentage of ordinary shares held by the	
			Group	Company
PRINCIPAL SUBSIDIARY UNDERTAKINGS:				
Afvalstoffen Terminal Moerdijk B.V.	Netherlands	Waste Collection/Treatment	100	--
Enviropace Limited	Hong Kong	Waste Management	70	--
Green Valley Landfill Limited	Hong Kong	Disposal	50 plus 1 share	--
ICOVA B.V.	Netherlands	Waste Collection	100	--
IGM S.p.A.	Italy	Waste Collection/Disposal	100	--
Manliba S.A. (see Note 2)	Argentina	Waste Collection	55	--
Pacific Waste Management Pty Limited	Australia	Waste Collection/Disposal	100	--
SACAGICA Srl	Italy	Waste Collection/Disposal	100	--
Schreiber Stadtereinigung GmbH & Co. KG	Germany	Waste Collection/Disposal	100	--
Waste Management GmbH & Co. MVA Hamm OHG (see Note 20a)	Germany	Waste-to-Energy	100	--
Waste Management International B.V.	Netherlands	Holding Company	--	62.5
Waste Management New Zealand Limited	New Zealand	Waste Collection/Disposal	61	--
Wessex Waste Management Limited	England	Waste Collection/Treatment/Disposal	50 plus 1 share	--
Waste Management International Sellbergs AB	Sweden	Waste Collection/Treatment/Disposal	100	--

Voting rights in subsidiary undertakings do not differ from the percentage of ordinary shares held.

b) Investment in subsidiary undertakings of the Group

The Group made 13 acquisitions during 1997, none of which was individually material to the Group, for a cash consideration of (Pounds)7,737,000, which together gave rise to goodwill of (Pounds)1,757,000. Fair values attributable to the net assets of all subsidiary undertakings acquired in the year are shown in the following table:

	Book value (Pounds)000	Acquisition adjustments (Pounds)000	Fair value to the Group (Pounds)000
	-----	-----	-----
FIXED ASSETS			
Tangible	3,983	38	4,021
CURRENT ASSETS			
Debtors	4,563	--	4,563
Cash	1,306	--	1,306
Other	3,414	(1,689)	1,725
	-----	-----	-----
TOTAL ASSETS	13,266	(1,651)	11,615
	-----	-----	-----
LIABILITIES			
Bank loans	(299)	--	(299)
Other creditors	(5,589)	(366)	(5,955)
Provisions	144	475	619
	-----	-----	-----
Total liabilities	(5,744)	109	(5,635)
	-----	-----	-----
NET ASSETS	7,522	(1,542)	5,980
	=====	=====	=====
Consideration			7,737
Net assets			(5,980)

Goodwill arising			1,757
Goodwill adjustments in respect of prior year acquisitions			3,975

TOTAL GOODWILL ARISING			5,732
			=====

The above acquisition adjustments, none of which were individually material, provide for environmental monitoring and other restoration costs and bring accounting policies into line with those of the Group.

c) Investment in associated undertakings of the Group

The movement in the year comprises:

	Share of tangible net assets	
	1997 (Pounds)000	1996 (Pounds)000
	-----	-----
Beginning of the year	6,568	170,437
Additions	1,314	1,760
Share of retained profit	457	22,437
Dividends received	(39)	(1,906)
Disposals and transfers	(3,298)	(5,299)
Reclassified to current investments (see Note 13)	--	(180,037)
Exchange adjustment	(273)	(824)
	-----	-----
End of the year	4,729	6,568
	=====	=====

During the first quarter of 1997, the Group sold to Wessex its B and C shareholdings and a portion of its ordinary shares in Wessex. This sale, together with the sale of the remaining ordinary shares in Wessex through on-market transactions resulted in a loss which was accrued in the Group's 1996 financial statements of (Pounds)18,500,000 before income taxes, and (Pounds)19,030,000 in income tax expense, resulting in a net loss of (Pounds)37,530,000. Cash proceeds were approximately (Pounds)181,100,000. The Group's share of net income from Wessex, which was recorded on the equity method of accounting, was (Pounds)nil in 1997 (1996--(Pounds)21,805,000).

d) Other investments and loans

Group	Company
-----	-----
Other investments (Pounds)000	Loans to subsidiary under takings (Pounds)000
-----	-----

COST:

The movement in the year comprises:

Beginning of the year	3,874	301,503
Additions	212	--
Disposals, transfers and repayments	(2,215)	(180,518)
Exchange adjustment	(251)	(2,105)
	-----	-----
End of the year	1,620	118,880
	=====	=====

The cost of investments held by the Group and listed overseas included in the above was (Pounds)70,000 (1996--(Pounds)98,000). See Note 21 for discussion of market value. The remainder were unlisted. The Company had no listed investments.

NOTE 11 DEBTORS

Group		Company	
-----	-----	-----	-----
1997	1996	1997	1996
(Pounds)000	(Pounds)000	(Pounds)000	(Pounds)000
-----	-----	-----	-----

AMOUNTS FALLING DUE WITHIN ONE YEAR:

Trade debtors	222,700	300,308	--	--
Amounts recoverable on contracts	9,426	49,570	--	--
Other debtors	47,829	41,464	2,961	--
	-----	-----	-----	-----
	279,955	391,342	2,961	--
	=====	=====	=====	=====

AMOUNTS FALLING DUE AFTER ONE YEAR:

Notes receivable	4,056	12,061	--	--
Amounts recoverable on contracts	56,992	62,854	--	--
Amounts owed by ultimate parent company	--	--	102,766	108,286
Other debtors	14,740	11,674	--	--
	-----	-----	-----	-----
	75,788	86,589	102,766	108,286
	=====	=====	=====	=====

Amounts owed to the Company by the ultimate parent company comprise primarily the benefit of the environmental covenant (see Note 16b).

Group	
-----	-----
1997	1996
(Pounds)000	(Pounds)000
-----	-----

Costs and estimated earnings on uncompleted contracts	293,400	254,268
Less: Billings on uncompleted contracts	(226,982)	(141,844)

Amounts recoverable on contracts

66,418
=====

112,424
=====

The amounts recoverable on contracts are expected to be billed and collected within five years. There is no significant retention. Amounts recoverable on contracts primarily represent unbilled turnover on long-term contracts to design, build and operate a hazardous waste treatment facility, a solid waste landfill and a transfer station, all in Hong Kong.

NOTE 12 DEFERRED COSTS

	Group		Company	
	1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
Project development costs	17,212	27,080	--	--
Contract procurement costs	4,814	5,177	--	--
Other	3,214	2,865	--	--
	-----	-----	-----	-----
After one year	25,240	35,122	--	--
	=====	=====	=====	=====
AMOUNTS TO BE RELEASED:	4,147	3,906	--	--
Within one year	21,093	31,216	--	--
	-----	-----	-----	-----
After one year	25,240	35,122	--	--
	=====	=====	=====	=====

NOTE 13 CURRENT ASSET INVESTMENTS

	Group	
	1997 (Pounds)000	1996 (Pounds)000
Listed investments		
- --Wessex shareholding (see Note 10c)	--	180,037
- --Overseas	4	5
Term deposits	1	3,241
	-----	-----
	5	183,283
	=====	=====

The aggregate market value or contracted sale value of listed investments is not materially different from the carrying value.

NOTE 14 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	Group		Company	
	1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
Current maturities of long-term debt	63,444	188,583	--	30,066
Trade creditors	107,733	136,375	--	--
Other creditors	17,880	26,506	--	--
Accruals and deferred income	204,791	169,227	774	3,006
current portion of acquisition provisions	4,541	8,380	--	--
	-----	-----	-----	-----
	398,389	529,071	774	33,072
	=====	=====	=====	=====

NOTE 15 CREDITORS: AMOUNTS DUE AFTER ONE YEAR

	Group		Company	
	1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
Debt (see below), substantially all comprising bank borrowings	135,645	362,982	--	65,798
Amounts due to ultimate parent company	668	90,376	--	89,063
	-----	-----	-----	-----
	136,313	453,358	--	154,861
	=====	=====	=====	=====
Debt:				
3.4625--4.15% unsecured revolving credit facility	125,692	301,300	--	65,798
10.5% unsecured revolving credit facilities in Hong Kong Dollars	4,300	37,746	--	--
6.025% unsecured loan in Pounds Sterling, not repayable by instalments	--	25,000	--	25,000
Other	69,097	187,519	--	5,066
	-----	-----	-----	-----
	199,089	551,565	--	95,864
Less current maturities	(63,444)	(188,583)	--	(30,066)
	-----	-----	-----	-----
	135,645	362,982	--	65,798
	=====	=====	=====	=====

The amount of instalments falling due after five years at 31 December 1997 is (Pounds)245,000 (1996--(Pounds)2,772,000).

Debt is repayable as follows:

Second year	7,510	22,784	--	--
Third year	126,706	30,140	--	--
Fourth year	1,051	303,378	--	65,798
Fifth year	133	3,908	--	--
	-----	-----	-----	-----
	135,400	360,210	--	65,798
Sixth year and thereafter	245	2,772	--	--
	-----	-----	-----	-----
	135,645	362,982	--	65,798
	=====	=====	=====	=====

During 1995, the Company borrowed \$150,000,000, due wholly on 29 September 2000 at a 6.6 per cent. interest rate, from Old WMI under the terms of the ISA. This loan was repaid from the proceeds of the Wessex sale in February 1997 (see Note 10c).

During 1995, the Company entered into a (Pounds)400,000,000 unsecured revolving credit facility (the "Facility"), replacing a similar facility, of which (Pounds)125,692,000 is utilised at 31 December 1997 (1996--(Pounds)301,300,000). The Facility expires on 20 December 2000. None of the debt outstanding at 31 December 1997 or 31 December 1996 was guaranteed by Old WMI under the provisions of the ISA. During 1997 the commitment was reduced to (Pounds)220,000,000.

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
Deferred taxation	12,124	(17)	(156)	1,123
Other provisions	95,176	125,952	--	--
	-----	-----	-----	-----
	107,300	125,935	(156)	1,123
	=====	=====	=====	=====
a) Deferred taxation				
Provisions not deductible until expenditure incurred				
- --effect of acquisition provisions	(53,958)	(48,112)	--	--
Net operating loss carry-forwards	(54,330)	(65,436)	--	(5,077)
Excess of book value over taxation value of fixed assets	63,474	78,177	--	--
Other timing differences				
- --other assets	(29,733)	(23,400)	(156)	(172)
- --other liabilities	86,671	58,754	--	6,372
	-----	-----	-----	-----
	12,124	(17)	(156)	1,123
	=====	=====	=====	=====
The movement on deferred taxation comprises:				
Beginning of the year	(17)	(41,558)	1,123	1,954
Charged/(credited) to profit and loss account				
--fixed asset timing differences	(14,703)	(5,936)	--	--
--net operating loss carry-forwards	11,106	9,526	5,077	(37)
--other timing differences	2,151	37,923	(6,356)	(794)
Eliminated on disposal of subsidiaries in the year	15,177	--	--	--
Arising on acquisition provisions made in the year	(699)	(429)	--	--
Exchange adjustment	(891)	457	--	--
	-----	-----	-----	-----
End of year	12,124	(17)	(156)	1,123
	=====	=====	=====	=====

Deferred taxation has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on those timing differences which, in the opinion of the directors, will probably not reverse.

The retained earnings of certain foreign subsidiary undertakings would be subject to additional taxation if distributed. In the opinion of the directors, these retained earnings are required to finance the continuing operation of these subsidiary undertakings and, accordingly, no provisions for additional taxation has been made.

b) Other provisions

Group	
1997 (Pounds)000	1996 (Pounds)000

The movement on other provisions comprises:

Beginning of the year	125,952	159,967
Provisions associated with acquisitions	337	994
Other operating provisions	11,239	22,021
Provisions associated with divestitures	(17,581)	--
Amounts utilised	(14,265)	(29,463)

Transfer to short-term creditors	(1,297)	(16,459)
Exchange adjustment	(9,209)	(11,108)
	-----	-----
End of the year	95,176	125,952
	=====	=====

Under the terms of the ISA, Old WMI agreed to pay to the Company, over a maximum period of 50 years, \$285,000,000 as a capital contribution in respect of certain uninsured and non-capitalised environmental costs and liabilities including remediation or correction costs and costs of preventative action, but generally excluding the proportion of such environmental costs and liabilities attributable to any relevant minority interest. The costs and liabilities are only those associated with sites and facilities owned, leased, operated or used by the Group, or to which it transported any material or substance, on or prior to 31 December 1991, regardless of whether such liabilities arose before or arise during the term of the covenant. A provision of that amount was accordingly assumed by Old WMI, the benefit of which was reflected as an increase in the Group reserves in 1991. Old WMI paid \$9,480,000 for 1997 (1996--\$23,667,000) in respect of this provision.

NOTE 17 CALLED-UP EQUITY SHARE CAPITAL

	1997 (Pounds)000	1996 (Pounds)000
	-----	-----
AUTHORISED		
1,000,000,000 ordinary shares of 10 pence each	100,000	100,000
	=====	=====
ALLOTTED, CALLED-UP AND FULLY PAID		
375,273,456 ordinary shares of 10 pence each (1996-- 375,272,288 ordinary shares)	37,527	37,527
	=====	=====

SHARE OPTIONS

At 31 December 1997, options were outstanding over 10,390,977 shares at exercise prices ranging from 234.0 pence to 627.8 pence per share.

During the year to 31 December 1997 options covering 1,168 ordinary shares were exercised at a price of 261.8 pence per share.

NOTE 18 CAPITAL AND RESERVES

	Called-up share capital (Pounds)000	Share premium account (Pounds)000	Other reserves (Pounds)000	Foreign currency translation reserve (Pounds)000	Profit and loss account (Pounds)000	Goodwill reserve (Pounds)000	Total equity shareholders' funds (Pounds)000
GROUP							
At 1 January 1996	37,516	393,924	467,972	56,233	380,664	(1,064,475)	271,834
Exercise of share options	11	272	--	--	--	--	283
Foreign currency translation	--	--	--	(8,657)	--	--	(8,657)
Retained loss for the year	--	--	--	--	(66,199)	--	(66,199)
Goodwill written off	--	--	--	--	--	(1,519)	(1,519)
Exceptional charge	--	--	--	--	--	109,751	109,751
Writedown of investment	--	--	--	--	--	9,409	9,409
At 31 December 1996	37,527	394,196	467,972	47,576	314,465	(946,834)	314,902
Exercise of share options	--	3	--	--	--	--	3
Foreign currency translation	--	--	--	(26,060)	--	--	(26,060)
Retained profit for the year	--	--	--	--	21,298	--	21,298
Goodwill written off	--	--	--	--	--	(5,732)	(5,732)
Sale of businesses	--	--	--	--	--	36,828	36,828
Exceptional charge	--	--	--	--	--	4,047	4,047
At 31 December 1997	37,527	394,199	467,972	21,516	335,763	(911,691)	345,286

	Called-up share (Pounds)000	Share premium account (Pounds)000	Other reserves (Pounds)000	Profit and loss account (Pounds)000	Total (Pounds)000
COMPANY					
At 1 January 1996	37,516	393,924	336,119	23,824	791,383
Exercise of share options	11	272	--	--	283
Exchange adjustment on amounts due from other Group undertakings	--	--	(9,957)	--	(9,957)
Retained loss for the year	--	--	--	(1,815)	(1,815)
At 31 December 1996	37,527	394,196	326,162	22,009	779,894
Exercise of share options	--	3	--	--	3
Exchange adjustment on amounts due from other Group undertakings	--	--	(282)	--	(282)
Retained profit for the year	--	--	--	2,978	2,978
At 31 December 1997	37,527	394,199	325,880	24,987	782,594

NOTE 19 CASH FLOW INFORMATION

a) Purchase of subsidiary undertakings

	Businesses Acquired	
	1997 (Pounds)000	1996 (Pounds)000
Net assets acquired		
Fixed assets	4,021	5,270

Other assets	6,288	3,038
Creditors	(6,254)	(6,282)
Provisions	619	(565)
	-----	-----
	4,674	1,461
Minority interests	--	(200)
Goodwill	1,757	7,788
	-----	-----
	6,431	9,049
	=====	=====
Satisfied by:		
Cash	7,737	9,049
Cash at bank acquired	(1,306)	--
	-----	-----
	6,431	9,049
	=====	=====

b) Sale of businesses

	Businesses Sold	
	1997 (Pounds)000	1996 (Pounds)000
Net assets sold:		
Property and equipment	45,292	--
Current assets	23,174	--
Creditors	(19,482)	--
Provisions	(4,945)	--
	-----	----
	44,039	--
Minority interest	(3,967)	--
Goodwill	36,828	--
Foreign exchange rate changes	(5,214)	--
	-----	----
	71,686	--
	=====	=====
Cash proceeds:		
Cash	73,254	--
Cash divested	(1,568)	--
	-----	----
	71,686	--
	=====	=====

c) Analysis of changes in net debt

	1 January 1997 (Pounds)000	Cash flow (Pounds)000	Acquisitions & Disposals (Pounds)000	Other non- cash changes (Pounds)000	Exchange movements (Pounds)000	31 December 1997 (Pounds)000
Cash	40,891	(2,383)	--	--	(1,856)	36,652
Debt, short-term	(188,583)	188,583	12,488	(83,509)	7,577	(63,444)
Due to Old WMI	(90,376)	92,137	--	--	(2,429)	(668)
Debt, long-term	(362,982)	116,926	1,055	84,102	25,254	(135,645)
	-----	-----	-----	-----	-----	-----
	(601,050)	395,263	13,543	593	28,546	(163,105)
Liquid resources	3,241	(3,240)	--	--	--	1
	-----	-----	-----	-----	-----	-----
Net debt	(597,809)	392,023	13,543	593	28,546	(163,104)
	=====	=====	=====	=====	=====	=====

Liquid resources relate to term deposits only.

NOTE 20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

Group	
1997 (Pounds)000	1996 (Pounds)000

At the end of the year, capital commitments were:

Contracted but not provided for	9,764	18,670
Authorised but not contracted for	4,565	8,032

In January 1998, the Group completed the sale of its waste-to-energy facility in Hamm, Germany for approximately (Pounds)83,000,000. No material gain or loss was recognised on the transaction under UK GAAP (and a gain of (Pounds)9,000,000 under US GAAP). In 1997, the facility had turnover of (Pounds)21,087,000 and had no material impact on retained profit.

b) Contingent liabilities

- i) The Company has guaranteed debt and other liabilities of certain subsidiary undertakings. The amount outstanding at 31 December 1997 was (Pounds)259,311,000.
- ii) Subsidiary undertakings have unsecured guarantees to third parties outstanding amounting to (Pounds)20,710,000.
- iii) The Group had 1,114 performance bonds outstanding at year end totalling (Pounds)82,111,000 (Company--none).
- iv) The Group provides for closure and post-closure monitoring costs over the operating life of disposal sites as air space is consumed. These costs include such items as the final cap and cover on the site, methane gas and leachate management, and groundwater monitoring. The Group has also established procedures to evaluate potential environmental remediation liabilities at sites which it owns or operated, including sites acquired in business combinations. Where the Group concludes that it is probable that a liability has been incurred, provision is made in the financial statements for the Group's best estimate of the liability. Such estimates are subsequently revised as deemed necessary as additional information becomes available. In connection with acquisitions, a review is made for potential existing environmental liabilities of the acquired company, and such liabilities are recognised through acquisition adjustments where they meet the criteria of being probable and reasonably quantifiable.

At 31 December 1996 and 1997, total environmental provisions on the accompanying balance sheet, including closure and post-closure but excluding any reimbursement from Old WMI, were (Pounds)77,161,000 and (Pounds)55,488,000 respectively.

- v) In the ordinary course of conducting its business, the Group becomes involved in litigation, administrative proceedings and governmental investigations, including environmental matters. Some of these proceedings may result in fines, penalties or judgements being assessed against the Group which, from time to time, may have an impact on earnings for a financial period. The directors do not believe that these proceedings, individually or in the aggregate, are material to its business or financial condition.

During the first quarter of 1995, the Group received an assessment from the Swedish Tax Authority relating to a transaction completed in 1990. The assessment is approximately 417 million Krona ((Pounds)32 million) plus interest accruing on such assessment. The Group believes that all appropriate tax returns and disclosures were properly filed at the time of the transaction, and is vigorously contesting the assessment.

c) Lease commitments

The Group has entered into non-cancellable operating leases in respect of vehicles and equipment, the payments for which extend over a period of up to six years. The total annual rental for 1997 was (Pounds)7,131,000 (1996-- (Pounds)8,934,000). The lease agreements provide typically that the Group will pay all insurance, maintenance and repairs.

In addition, the Group leases certain land and buildings on short- and long-term operating leases. The annual rental on these leases was (Pounds)12,547,000 (1996-- (Pounds)12,756,000). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group typically pays all insurance, maintenance and repairs of these properties.

The annual rental commitments under the foregoing leases comprise:

	Group	
	Property	Vehicles and equipment
	(Pounds)000	(Pounds)000
1997		
Operating leases which expire		
- --within one year	728	629
- --within two-five years	4,083	3,288
- --after five years	2,966	569
	-----	-----
	7,777	4,486
	=====	=====
1996		
Operating leases which expire		
- --within one year	1,005	1,106
- --within two-five years	3,186	1,549
- --after five years	4,623	437
	-----	-----
	8,814	3,092
	=====	=====

d) Pension arrangements

The Group has defined benefit pension plans for selected eligible employees in Sweden and the UK. The benefits are generally based on the employee's years of service and compensation during a period of the employee's highest consecutive earning years out of a given period of employment. It is the Group's policy to fund the minimum required amount determined by local law and its actuaries. The Swedish plan, mandated under a collective bargaining agreement, allows the Group to retain pension plan fundings within its operations so long as it contracts with an insurance company to guarantee its future employee pension commitments. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary.

Regular pension cost based on the discount rates of 7.7 per cent. in 1996 and 7.3 per cent. in 1997, included the following components:

	1997 (Pounds)000	1996 (Pounds)000
	-----	-----
Service cost-benefits earned during the year	1,469	1,756
Interest cost on projected benefit obligation	1,647	1,413
Expected return on plan assets	(1,523)	(1,293)
Net amortisation and deferral	(130)	(135)
	-----	-----
Net regular pension cost	1,463	1,741
	=====	=====

Assumptions as of 31 December, which are used to determine the plans' funded status at the respective dates, are as follows:

	1997	1996
	%	%
	----	----
Discount rate	7.3	7.7
Rate of increase in compensation levels	5.0	5.3
Expected long-term rate of return on assets	8.5	8.5

The following table sets forth the plans' funded status and the amount recognised in the Group's Balance Sheets at 31 December 1997 and 1996 for its pension plans:

	1997 (Pounds)000	1996 (Pounds)000
	-----	-----
ACTUARIAL PRESENT VALUE OF BENEFIT OBLIGATIONS:		
Accumulated benefit obligations (all vested)	(23,108)	(19,061)
	=====	=====
Projected benefit obligation	(26,115)	(22,166)
Plan assets at fair value, primarily equities, bonds and real estate	21,623	17,285
	-----	-----
Plan assets less than projected benefit obligation	(4,492)	(4,881)
Unrecognised net (gain)/loss	257	(120)
Unrecognised overfunding	(1,162)	(1,328)
	-----	-----
Pension cost included in accruals	(5,397)	(6,329)
	=====	=====

The Netherlands has a pension plan that is fully funded by the purchase of non-participating annuity contracts. The regular pension cost of this plan for 1997 is (Pounds)388,000 (1996--(Pounds)534,000; 1995--(Pounds)486,000). Except as noted above, there have been no significant changes in existing plans during the period. The Group continues to evaluate the governmental, social and retirement plans which cover its employees in the countries in which it operates with the objective of implementing a plan or plans so that its employees ultimately have available retirement benefits which are competitive in the countries in which it operates. The Group has no post retirement benefit plans other than the above pension plans. In respect of Mr. Falkman, the Group maintains an unfunded, unapproved pension plan designed to provide him with retirement benefits which are substantially the same as those available under the plans of Old WMI existing in the United States and in which he participated prior to joining the Group. Payments from such unfunded plan will be disclosed when paid as a pension. During 1997, the Group accrued (Pounds)22,200 in respect of Mr. Falkman's unfunded pension plan.

The Group also has eight defined contribution pension plans for selected eligible employees in the UK, Australia, the Netherlands, Denmark, Sweden and Hong Kong. These plans cover approximately 4,000 employees. Regular pension cost was (Pounds)3,982,000 in 1997 (1996--(Pounds)4,202,000; 1995--(Pounds)4,106,000).

The employees seconded from Old WMI, Chemical Waste Management, Inc. and WTI are included in those companies' plans. The Group is charged for the costs related to the seconded employees.

e) Derivatives

From time to time, the Group and certain of its subsidiaries use derivatives to manage interest rate, currency and commodity (fuel) risk. The Group's policy is to use derivatives for risk management purposes only, and it does not enter into such contracts for trading purposes. The Group enters into derivatives only with counterparties which are financial institutions of at least A- or A3 credit ratings, to minimise credit risk. The amount of derivatives outstanding at any one point in time and gains or losses from their use have not been and are not expected to be material to the Group's financial statements.

Instruments used as hedges must be effective at managing risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract. Accordingly, changes in market values of hedge instruments must have a high degree of inverse correlation with changes in market values or cash flows of underlying hedged items. Derivatives that meet the hedge criteria are accounted for under the deferral or accrual method, except for currency agreements as discussed below. If a derivative does not meet or ceases to meet the aforementioned criteria, or if the designated hedged time ceases to exist, then the Group subsequently uses fair value accounting for the derivative, with gains or losses included in sundry income. If a derivative is terminated early, any gain or loss, including amounts previously deferred, is deferred and amortised over the remaining life of the terminated contract or until the anticipated transaction occurs.

Interest Rate Agreements

Certain of the Group's subsidiaries have entered into interest rate swap agreements to balance fixed and floating rate debt in accordance with management's criteria. The agreements are contracts to exchange fixed and floating interest rate payments periodically over a specified term without the exchange of the underlying notional amounts. The agreements provide only for the exchange of interest on the notional amounts at the stated rates, with no multipliers or leverage. Differences paid or received are accrued in the financial statements as part of interest expense on the underlying debt over the life of the agreements and the swap is not recorded on the balance sheet or marked to market. As of 31 December 1997, interest rate agreements in notional amounts and with terms set forth in the following table were outstanding:

Currency	Notional Amount	Receive	Pay	Duration of Agreements
Hong Kong Dollar	100 million	Floating	Fixed	Jan 1996-July 1998
Italian Lira	98 billion	Floating	Fixed	Mar 1996-Mar 1999
German Deutschmark	150 million	Floating	Fixed	Mar 1996-Jan 2000
Dutch Guilder	115 million	Floating	Fixed	Nov 1996-Jan 2000

Currency Agreements

From time to time, the Group uses foreign currency derivatives to mitigate the impact of translation on foreign earnings. Typically these have taken the form of put options and offsetting put and call options with different strike prices. The Group receives or pays, based on the notional amount of the option, the difference between the average exchange rate of the hedged currency against the base currency and the average (strike price) contained in the option. Complex instruments involving multipliers or leverage are not used. While the Group may incur an expense in connection with these agreements, it will recognise an offsetting increase in the translation of foreign earnings or income from foreign investees. Although the purpose for using such derivatives is to mitigate currency risk, they do not qualify for hedge accounting under generally accepted accounting principles and accordingly, must be adjusted to market value at the end of each accounting period. Gains and losses on currency derivatives to date have not been material. There were no currency derivatives outstanding at 31 December 1997 of the type listed above. In 1997 the Group entered into a foreign forward exchange contract in the amount of 60.3 million Dutch Guilders to sell Italian Lire. This was to hedge certain intercompany loans to Italian subsidiaries which are expected to be repaid in 1998.

In addition, the Group entered into a contract to sell amounts equivalent to the amounts expected to be received in 1999, 2000, 2001, and 2002 related to the interest on certain loan notes received by the Group as part of the consideration for the sale of the Group's French subsidiaries.

Commodity Agreements

The Group utilises derivatives to seek to mitigate the impact of fluctuations in the price of fuel used by its vehicles. The primary instrument used is a zero-cost collar. Quantities hedged do not exceed anticipated fuel purchases. Gains or losses are recognised in operating expenses, as cost of fuel purchases, when paid or received. The Group had no contracts outstanding at 31 December 1997.

NOTE 21 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts have been determined by the Group, using available market information and commonly accepted valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Group or the holders of the instruments could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The fair value estimates presented are based on information available at 31 December 1997 and 1996, and such amounts have not been revalued since those dates.

	31 December 1997		31 December 1996	
	Carrying amount (Pounds)000	Estimated fair value (Pounds)000	Carrying amount (Pounds)000	Estimated fair value (Pounds)000
Non-derivatives--				
Cash at bank and in hand	36,652	36,652	40,891	40,891
Trade debtors	222,700	222,700	300,308	300,308
Other fixed and current asset investments	1,625	1,625	187,157	187,157
Long-term debt	(199,089)	(199,089)	(551,565)	(551,565)
Amounts due to Old WMI	(668)	(668)	(90,376)	(90,203)
Derivatives relating to debt	--	(3,259)	--	(2,780)
Other derivatives carried as--				
Prepayments	--	--	--	--
Accruals and deferred income	--	--	--	(48)
Letters of credit, bonds and guarantees	--	--	--	--

Cash and trade debtors

The carrying amounts of these items are considered a reasonable estimate of their fair value.

Investments

The quoted market prices or contracted sale price of listed investments were used as fair value.

Long-term debt

Interest rates currently available to the Group for debt with similar terms and remaining maturities were used to estimate fair value.

Derivatives

The fair value of derivatives generally reflects the estimated amounts that the Group would receive or pay to terminate the contracts at 31 December, thereby taking into account unrealised gains and losses.

Dealer quotes are available for most of the Group's derivatives. Deferred realised gains and losses are shown as assets and liabilities as offsetting such amounts against the related non-derivative instruments is permitted only pursuant to a right of setoff or a master netting agreement.

Off-balance sheet financial instruments

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk, such as bank letters of credit, performance bonds and other guarantees, which are not reflected in the Group balance sheet. Such instruments are valued based on the amount of exposure under the instrument and the likelihood of performance being required. The directors do not expect any material losses to result from these instruments, and therefore are of the opinion that the fair value is (Pounds)nil.

NOTE 22 EXCEPTIONAL CHARGES

In 1995, the Group recorded an exceptional charge of (Pounds)123,160,000 before income taxes, which reduced retained profit by (Pounds)96,400,000. This charge was the result of an extensive review of operations to refocus the Group on its core waste business and to streamline its country management structure. The charge related to consolidation of country and regional offices, reduction of office staffing levels and the centralisation of certain functions in

the country organisations to improve efficiencies. Certain non-core businesses and investments were discontinued or sold, as well as core businesses and investments located in low-potential markets. Certain hazardous waste treatment technologies and processes were abandoned where the expected returns did not justify the current market risk. The charge included (Pounds)22,000,000 of future cash payments for employee severance and rents under non-cancellable leases. Approximately (Pounds)7,000,000 was paid prior to 31 December 1995, with (Pounds)8,000,000 paid in 1996 and (Pounds)4,000,000 paid in 1997. The balance is primarily payments on leased facilities that will continue into the future.

Following a strategic assessment in 1996 of the Group's European markets, the Group decided to reduce its investment in France, Spain and Austria, through the sale of various operations in those countries. In addition, the Group wrote off the investment in its hazardous waste disposal facility in Germany because regulatory changes had adversely affected its volumes. Substantially all of these businesses were sold in 1997. These decisions resulted in a 1996 fourth quarter exceptional charge of (Pounds)127,735,000 before and after taxes, reducing the carrying value of these businesses to their estimated realised value.

In the fourth quarter of 1997 the Group recorded a charge of (Pounds)65,456,000 before tax and minority interest (net of residual provisions no longer required of (Pounds)14,255,000), related to:

- (a) abandonment of certain development projects no longer considered feasible due to economic and competitive conditions;
- (b) write down to estimated realisable value of certain businesses to be sold or closed, primarily in Italy and Germany;
- (c) provision for severance, demobilisation and loss on disposition of operating assets in connection with the loss of the bid for the renewal of the cleaning contract for the City of Buenos Aires, Argentina; and
- (d) severance and other costs related to reorganisation of operations and legal structure primarily in Italy, Sweden and the United Kingdom. Approximately (Pounds)9,000,000 of the charge consists of cash costs related to severance which are expected to be paid in 1998.

NOTE 23 ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Old WMI incorporated in Delaware, USA.

The only group of which the Company is a member and in which its results are consolidated is that headed by Old WMI. The consolidated accounts of this group are available to the public and may be obtained from Old WMI, 3003 Butterfield Road, Oak Brook, Illinois 60521, USA.

The Company has entered into the following contracts of significance with Old WMI and its affiliates:

- i) Third Amended and Restated International Development Agreement, dated 1 January 1993, which provides for the exercise of voting rights by Old WMI, WTI and Rust in connection with the election of directors to the Board of the Company and confers subscription rights on each of Rust and WTI to maintain a 10 per cent. equity interest in the Company and on Old WMI to maintain, together with its subsidiaries, an aggregate 55 per cent. interest;
- ii) First Amended and Restated International Business Opportunities Agreement ("IBOA"), dated 1 January 1993, whereby business opportunities throughout the world are allocated amongst the Group and various other subsidiaries of Old WMI. By an Amendment Agreement dated 10 July 1995, the IBOA was amended with the approval of the Company's shareholders (other than Old WMI, WTI and Rust), to modify the allocation of waste-to-energy business opportunities outside North America, Germany and Italy.

NOTE 24 US ACCOUNTING PRINCIPLES

Goodwill

US GAAP requires that goodwill be amortised over its estimated useful life not to exceed 40 years. As permitted under UK GAAP, the cost of goodwill is written off directly to reserves in the year in which it arises. For the purposes of the reconciliations shown below, goodwill acquired has been capitalised and amortised over its estimated useful life of 40 years.

Profit attributable to shareholders, earnings per ordinary share and equity shareholders' funds

The following is a summary of material adjustments to profit for the financial year attributable to shareholders, to earnings per ordinary share and to equity shareholders' funds which would be required if US GAAP had been applied.

	Group	
	1997	1996
	(Pounds)000	(Pounds)000
Profit/(loss) for the financial year attributable to shareholders	21,298	(66,199)
Adjustment of accumulated goodwill amortisation on the exceptional charge and the write down of investment	2,047	8,260
Amortisation of goodwill, net of related minority interest	(19,446)	(24,075)
As adjusted to conform with US GAAP	3,899	(82,014)
EARNINGS/(LOSS) PER ORDINARY SHARE		
Earnings/(loss) per ordinary share as adjusted to conform with US GAAP	1.0p	(21.9)p
EQUITY SHAREHOLDERS' FUNDS		
Equity shareholders' funds	345,286	314,902
Increase for unamortised goodwill, net of related minority interest	627,123	742,398
As adjusted to conform with US GAAP	972,409	1,057,300

As a result of the sale of the shareholding in Wessex, as discussed in Note 10c, the Company recorded a loss before income tax of (Pounds)18,500,000 and income taxes of (Pounds)19,030,000. In addition, the 1996 special charge resulted in a before and after tax loss of (Pounds)127,735,000. These net losses of (Pounds)165,265,000 were determined under UK GAAP. Under US GAAP, the loss before income tax would be (Pounds)137,975,000, income taxes would have been (Pounds)19,030,000, resulting in a net loss of (Pounds)157,005,000. The difference between the UK GAAP and US GAAP accounting is all related to the different treatment of historical goodwill amortisation discussed above.

In 1997 the Company recorded an exceptional charge of (Pounds)50,035,000 after tax determined under UK GAAP. Under US GAAP the exceptional charge would have been (Pounds)47,988,000 principally reflecting the different treatment of historical goodwill discussed above.

Balance sheets

The following is a summary of certain balance sheet captions and the amounts reported in the Group balance sheet, together with the related amounts as adjusted to conform with US GAAP.

	As reported in the Group balance sheet		As adjusted to conform with US GAAP	
	1997 (Pounds)000	1996 (Pounds)000	1997 (Pounds)000	1996 (Pounds)000
Tangible fixed assets	653,851	766,819	653,851	766,819
Fixed asset investments	6,349	10,442	6,349	10,442
Intangible fixed assets	--	--	748,285	866,642
Current assets	442,618	766,179	442,618	766,179
Creditors falling due				
- --within one year	(398,389)	(529,071)	(398,389)	(529,071)
- --after one year	(136,313)	(453,358)	(136,313)	(453,358)
Provisions for liabilities and charges	(107,300)	(125,935)	(107,300)	(125,935)
Net assets	460,816	435,076	1,209,101	1,301,718
Equity shareholders' funds	345,286	314,902	972,409	1,057,300
Minority interests	115,530	120,174	236,692	244,418
Total capital employed	460,816	435,076	1,209,101	1,301,718

NOTE 25 SUBSEQUENT EVENT

On 11 March 1998, Old WMI entered into a merger agreement with WMI of the United States. The merger agreement, which is subject to approval by the shareholders of both companies, provides that upon consummation of the merger Old WMI's shareholders will receive 0.725 shares of WMI's common stock for each share of Old WMI common stock held immediately prior to the merger. If approved by the shareholders, the transaction is expected to close in the latter part of 1998.

Consummation of the merger agreement may affect certain of the Group's rights and obligations under contracts containing a change of control provision. The Group has not yet completed its evaluation of all of its contracts, however, it is believed that, with the exception of the following contracts, the merger will not materially affect the Group's rights or obligations under any significant contract.

The Facility contains certain change of control provisions which may be triggered by the Old WMI merger. Should the transactions between Old WMI and WMI be consummated as currently structured and be deemed to constitute a change of control for the purposes of the Facility, then the lenders under the Facility will have the right to terminate the agreement on three months' notice following the change of control. As of 17 March 1998, the Group had approximately (Pounds)43 million outstanding under the Facility. The Group believes that its relationships with the banks comprising the lending consortium are such that, even if the Old WMI transaction constitutes a change of control, it will be able to negotiate satisfactory credit facilities to replace the existing Facility in adequate amounts and on commercially reasonable terms.

The Group's joint venture agreement with Wessex provides that under certain circumstances generally involving an offer being made for all of the outstanding shares of Old WMI, Wessex has a right to purchase the Group's joint venture interest in Wessex Waste Management for the then fair market value. The proposed merger agreement between Old WMI and WMI, if consummated as currently structured, may constitute a triggering event under such provision. In 1997, the Group had turnover of (Pounds)167.8 million and operating profit (before minority interest) of (Pounds)21.9 million from the joint venture. The Group's carrying value (including goodwill) was (Pounds)212.6 million as of 31 December 1997. At this time, it is impossible to determine whether such a transaction would result in a gain or a loss because the price for such a sale is currently unknown.

PART 4

INFORMATION ON WMI

The following combined unaudited pro forma condensed financial statements are based upon the historical financial statements of WMI and Old WMI. These combined unaudited pro forma condensed financial statements give effect to the Merger by combining the balance sheets and results of operations of WMI and Old WMI using the pooling of interests method of accounting as if the companies had been combined since their inception and as if Old WMI had issued 20 million shares of Old WMI common stock as of 31 March 1998. The combined unaudited pro forma condensed financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have been achieved had the Merger been consummated as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of WMI. The combined unaudited pro forma condensed financial information does not give effect to any possible divestitures of business units required by the US antitrust regulatory authorities or to any cost savings which may result from the integration of WMI and Old WMI's operations, nor does such information include the nonrecurring costs directly related to the Merger which are expected to be included in operations of WMI within 12 months following the Merger. Such nonrecurring costs have yet to be determined; however, such costs are expected to be significant.

COMBINED UNAUDITED PRO FORMA CONDENSED BALANCE SHEET

31 MARCH 1998

The following combined unaudited pro forma condensed balance sheet presents the combined financial position of WMI and Old WMI as of 31 March 1998. Such unaudited pro forma combined condensed balance sheet is based on the historical balance sheets of WMI and Old WMI as of 31 March 1998, after giving effect to the Merger using the pooling of interests method of accounting and to the pro forma adjustments as described in the notes to combined pro forma condensed financial statements.

	WMI	Old WMI	Pro Forma Adjustments	Combined Pro Forma
(In thousands, except share and par value amounts)				
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 46,260	\$ 311,861	\$ --	\$ 358,121
Short-term investments	--	3,053	--	3,053
Accounts receivable, net	468,619	1,448,797	--	1,917,416
Notes and other receivables	56,321	26,577	--	82,898
Deferred income taxes	46,196	--	--	46,196
Costs and estimated earnings in excess of billings on uncompleted contracts	--	158,964	--	158,964
Prepaid expenses and other	58,891	230,374	--	289,265
Total current assets	676,287	2,179,626	--	2,855,913
Notes and other receivables	22,951	100,044	--	122,995
Property and equipment, net	4,601,573	7,126,426	(10,922)(a) (99,636)(b)	11,617,441
Excess of cost over net assets of acquired businesses, net	1,905,285	3,674,333	(66,464)(a)	5,513,154
Other intangible assets, net	126,526	11,746	--	138,272
Net assets of continuing businesses held for sale	--	137,995	--	137,995
Other assets	256,783	633,830	(28,124)(c)	862,489
Total assets	\$ 7,589,405	\$ 13,864,000	\$ (205,146)	\$ 21,248,259
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable	\$ 196,735	\$ 687,419	\$ --	\$ 884,154
Accrued liabilities	185,631	1,683,398	--	1,869,029
Obligation to former Wheelabrator Technologies Inc. shareholders	--	876,232	(614,400)(d)	261,832
Deferred revenues	69,484	236,339	--	305,823
Current maturities of long-term debt	46,527	1,025,685	--	1,072,212
Total current liabilities	498,377	4,509,073	(614,400)(d)	4,393,050
Long-term debt, less current maturities	3,584,887	5,398,132	--	8,983,019
Deferred income taxes	323,320	216,797	(25,029)(a) 5,205 (b)	520,293
Closure, post-closure, and other liabilities	407,699	1,645,663	(85,557)(b)	1,967,805
Total liabilities	4,814,283	11,769,665	(719,781)	15,864,167
Minority interest in subsidiaries	--	739,442	--	739,442

COMBINED UNAUDITED PRO FORMA CONDENSED BALANCE SHEET (CONTINUED)

31 MARCH 1998

	WMI	Old WMI	Pro Forma Adjustments	Combined Pro Forma
	(In thousands, except share and par value amounts)			
Commitments and contingencies				
STOCKHOLDERS' EQUITY:				
Preferred stock:				
WMI: \$.01 par value; 10,000,000 shares authorized; none issued	--	--	--	--
Old WMI: \$1 par value; 50,000,000 shares authorized; none outstanding	--	--	--	--
Common stock:				
WMI: \$.01 par value, 500,000,000 shares authorized; historical 219,834,550 shares (572,269,938 pro forma shares) issued	2,198	--	3,525 (d)	5,723
Old WMI: \$1 par value; 1,500,000,000 shares authorized; 507,101,744 shares issued	--	507,102	(507,102) (d)	--
Additional paid-in capital	2,436,447	990,270	(11,250) (c) (147,999) (d)	3,267,468
Retained earnings	374,459	1,730,516	(34,888) (a) (19,284) (b) (16,874) (c)	2,033,929
Accumulated other comprehensive income	(37,498)	--	(278,800) (e)	(316,298)
Foreign currency translation adjustment	--	(253,938)	(17,469) (a) 271,407 (c)	--
TREASURY STOCK:				
WMI: 23,485 shares, at cost	(484)	--	--	(484)
Old WMI: 40,983,967 shares, at cost	--	(1,265,976)	1,265,976 (d)	--
Restricted stock unearned compensation	--	(10,252)	--	(10,252)
Employee stock benefit trust; 10,886,361 Old WMI shares, at market (7,892,612 pro forma shares)	--	(335,436)	--	(335,436)
Minimum pension liability	--	(7,393)	7,393 (e)	--
Total stockholders' equity	2,775,122	1,354,893	514,635	4,644,650
Total liabilities and stockholders' equity	\$7,589,405	\$13,864,000	\$(205,146)	\$21,248,259
	=====	=====	=====	=====

See notes to combined unaudited pro forma condensed financial statements.

COMBINED UNAUDITED PRO FORMA CONDENSED

STATEMENT OF OPERATIONS

The following combined unaudited pro forma condensed statement of operations for the three months ended 31 March 1998 was prepared based on the historical statements of operations of WMI and Old WMI for such period after giving effect to the Merger using the pooling of interests method of accounting and to the pro forma adjustments described in the notes to combined unaudited pro forma condensed financial statements.

	Three Months Ended 31 March 1998			
	WMI	Old WMI	Pro Forma Adjustments	Combined Pro Forma
	(In thousands, except per share amounts)			
Operating revenues	\$769,440	\$2,131,621	\$ --	\$2,901,061
COSTS AND EXPENSES:				
Operating (exclusive of depreciation and amortization shown below)	397,492	1,621,985	3,785 (b) (265,555) (f)	1,757,707
General and administrative	81,916	263,882	(217) (f)	345,581
Depreciation and amortization	86,110	--	(424) (a) 265,772 (f)	351,458
Loss from continuing operations held for sale, net of minority interest	--	2,416	--	2,416
	565,518	1,888,283	3,361	2,457,162
Income from operations	203,922	243,338	(3,361)	443,899
OTHER INCOME (EXPENSES):				
Interest expense	(38,368)	(115,574)	--	(153,942)
Interest income	1,799	4,310	--	6,109
Minority interests	--	(25,302)	--	(25,302)
Other income, net	34,251	64,196	(28,124) (c)	70,323
	(2,318)	(72,370)	(28,124)	(102,812)
Income before income taxes	201,604	170,968	(31,485)	341,087
Provision for income taxes	80,642	96,551	170 (a) (4,298) (b) (11,250) (c)	161,815
Net income	\$120,962	\$ 74,417	\$(16,107)	\$ 179,272
Basic earnings per common share	\$ 0.55	\$ 0.16		\$ 0.33
Diluted earnings per common share	\$ 0.52	\$ 0.16		\$ 0.32
Weighted average number of common shares outstanding	219,201	455,096	(125,151) (g)	549,146
Weighted average number of common and dilutive potential common shares outstanding	244,250	455,296	(125,206) (g)	574,340

See notes to combined unaudited pro forma condensed financial statements.

COMBINED UNAUDITED PRO FORMA CONDENSED

STATEMENT OF OPERATIONS

The following combined unaudited pro forma condensed statement of operations for the year ended 31 December 1997 was prepared based on the historical statements of operations of WMI and Old WMI for such year after giving effect to the Merger using the pooling of interests method of accounting and to the pro forma adjustments described in the notes to combined unaudited pro forma condensed financial statements.

	Year Ended 31 December 1997			
	WMI	Old WMI	Pro Forma Adjustments	Combined Pro Forma
	(In thousands, except per share amounts)			
Operating revenues	\$2,613,768	\$ 9,188,582	\$ --	\$11,802,350
COSTS AND EXPENSES:				
Operating (exclusive of depreciation and amortization shown below)	1,345,769	7,195,376	17,766 (b) (1,079,166)(f)	7,479,745
General and administrative	284,946	1,129,237	(939)(f)	1,413,244
Depreciation and amortization	303,241	--	(990)(a) 1,080,105 (f)	1,382,356
Merger costs	109,411	--	--	109,411
Unusual items	24,720	1,626,252	--	1,650,972
Loss from continuing operations held for sale, net of minority interest	--	9,930	--	9,930
	2,068,087	9,960,795	16,776	12,045,658
Income (loss) from operations	545,681	(772,213)	(16,776)	(243,308)
OTHER INCOME (EXPENSE):				
Interest expense	(104,261)	(446,888)	--	(551,149)
Interest income	7,634	37,580	--	45,214
Minority interest	--	(45,442)	--	(45,442)
Other income, net	14,213	173,290	(61,331)(a)	126,172
	(82,414)	(281,460)	(61,331)	(425,205)
Income (loss) from continuing operations before income taxes	463,267	(1,053,673)	(78,107)	(668,513)
Provision for income taxes	189,944	215,667	(25,199)(a) (18,948)(b)	361,464
Income (loss) from continuing operations	\$ 273,323	\$ (1,269,340)	\$ (33,960)	\$ (1,029,977)
Basic earnings (loss) per common share from continuing operations	\$ 1.31	\$ (2.72)		\$ (1.88)
Diluted earnings (loss) per common share from continuing operations	\$ 1.26	\$ (2.72)		\$ (1.88)
Weighted average number of common shares outstanding	208,246	466,601	(128,315)(g)	546,532
Weighted average number of common and dilutive potential common shares outstanding	233,371	466,601	(153,440)(g)	546,532

See notes to combined unaudited pro forma condensed financial statements.

COMBINED UNAUDITED PRO FORMA CONDENSED

STATEMENT OF OPERATIONS

The following combined unaudited pro forma condensed statement of operations for the year ended 31 December 1996 was prepared based on the historical statements of operations of WMI and Old WMI for such year after giving effect to the Merger using the pooling of interests method of accounting and to the pro forma adjustments described in the notes to combined unaudited pro forma condensed financial statements.

	Year Ended 31 December 1996			
	WMI	Old WMI	Pro Forma Adjustments	Combined Pro Forma
	(In thousands, except per share amounts)			
Operating revenues	\$1,649,131	\$9,225,636	\$ --	\$10,874,767
COSTS AND EXPENSES:				
Operating (exclusive of depreciation and amortization shown below)	881,401	6,660,766	21,135 (b) (1,064,594) (f)	6,498,708
General and administrative	200,101	1,095,459	(1,089) (f)	1,294,471
Depreciation and amortization	191,044	--	1,065,683 (f)	1,256,727
Merger costs	126,626	--	--	126,626
Unusual items	63,800	435,464	--	499,264
Income from continuing operations held for sale, net of minority interest	--	(315)	--	(315)
	1,462,972	8,191,374	21,135	9,675,481
Income from operations	186,159	1,034,262	(21,135)	1,199,286
OTHER INCOME (EXPENSE):				
Interest expense	(60,497)	(462,424)	--	(522,921)
Interest income	6,699	27,904	--	34,603
Minority interest	--	(41,289)	--	(41,289)
Other income, net	6,376	102,014	--	108,390
	(47,422)	(373,795)	--	(421,217)
Income from continuing operations before income taxes	138,737	660,467	(21,135)	778,069
Provision for income taxes	70,398	436,473	(20,255) (b)	486,616
Income from continuing operations	\$ 68,339	\$ 223,994	\$ (880)	\$ 291,453
Basic earnings per common share from continuing operations	\$ 0.39	\$ 0.46		\$ 0.55
Diluted earnings per common share from continuing operations	\$ 0.37	\$ 0.46		\$ 0.54
Weighted average number of common shares outstanding	173,993	489,171	(134,522) (g)	528,642
Weighted average number of common and dilutive potential common shares outstanding	182,680	490,029	(134,758) (g)	537,951

See notes to combined unaudited pro forma condensed financial statements.

COMBINED UNAUDITED PRO FORMA CONDENSED

STATEMENT OF OPERATIONS

The following combined unaudited pro forma condensed statement of operations for the year ended 31 December 1995 was prepared based on the historical statements of operations of WMI and Old WMI for such year after giving effect to the Merger using the pooling of interests method of accounting and to the pro forma adjustments described in the notes to combined unaudited pro forma condensed financial statements.

	Year Ended 31 December 1995			
	WMI	Old WMI	Pro Forma Adjustments	Combined Pro Forma
	(In thousands, except per share amounts)			
Operating revenues	\$1,216,082	\$9,100,225	\$ --	\$10,316,307
COSTS AND EXPENSES:				
Operating (exclusive of depreciation and amortization shown below)	672,117	6,514,932	22,924 (b) (1,033,777) (f)	6,176,196
General and administrative	169,686	1,091,747	(1,241) (f)	1,260,192
Depreciation and amortization	143,878	--	1,035,018 (f)	1,178,896
Merger costs	26,539	--	--	26,539
Unusual items	4,733	389,359	--	394,092
Income from continuing operations held for sale, net of minority interest	--	(25,110)	--	(25,110)
	1,016,953	7,970,928	22,924	9,010,805
Income from operations	199,129	1,129,297	(22,924)	1,305,502
OTHER INCOME (EXPENSE):				
Interest expense:				
Nonrecurring	(10,994)	--	--	(10,994)
Other	(58,619)	(463,861)	--	(522,480)
Interest income	6,682	34,883	--	41,565
Minority interest	--	(81,367)	--	(81,367)
Other income, net	4,891	252,695	--	257,586
	(58,040)	(257,650)	--	(315,690)
Income from continuing operations before income taxes	141,089	871,647	(22,924)	989,812
Provision for income taxes	60,313	451,741	(19,169) (b)	492,885
Income from continuing operations	\$ 80,776	\$ 419,906	\$ (3,755)	\$ 496,927
Basic earnings per common share from continuing operations	\$ 0.56	\$ 0.86		\$ 1.00
Diluted earnings per common share from continuing operations	\$ 0.54	\$ 0.86		\$ 0.99
Weighted average number of common shares outstanding	143,346	485,346	(133,470) (g)	495,222
Weighted average number of common and dilutive potential common shares outstanding	150,575	500,312	(137,586) (g)	513,301

See notes to combined unaudited pro forma condensed financial statements.

1. BASIS OF PRESENTATION

The combined unaudited pro forma condensed financial statements assume the issuance of WMI Common Stock in exchange for all outstanding Old WMI Common Stock. Such financial statements also assume that the Merger will be accounted for using the pooling of interests method of accounting pursuant to Opinion No. 16 of the Accounting Principles Board. The pooling of interests method of accounting assumes that the combining companies have been merged from their inception, and the historical financial statements for periods prior to consummation of the Merger are restated as though the companies had been combined from their inception.

Pursuant to the rules and regulations of the US Securities and Exchange Commission, the combined unaudited pro forma condensed statements of operations exclude the results of operations associated with discontinued businesses, extraordinary items and cumulative effects of accounting changes. The combined unaudited pro forma condensed financial statements do not give effect to any cost savings which may result from the integration of WMI's and Old WMI's operations, nor do they include the nonrecurring costs directly related to the Merger which are expected to be included in operations of WMI within twelve months succeeding the Merger. Such nonrecurring costs have yet to be determined; however, such costs are expected to be significant.

Certain reclassifications have been made to the historical financial statements of WMI and Old WMI to conform to the pro forma presentation. Such reclassifications are not material to the combined unaudited pro forma condensed financial statements

2. PRO FORMA ADJUSTMENTS

(a) In June 1997, Old WMI sold a majority of its Canadian solid waste businesses to WMI and, as a result of such sale, recorded a pre-tax gain of approximately \$61,331,000. WMI accounted for this transaction as a purchase business combination and allocated the purchase price to the assets acquired and liabilities assumed accordingly. Assuming that WMI and Old WMI had been combined since their inception, the gain recorded by Old WMI in 1997 has been eliminated and the basis recorded by WMI for assets acquired and liabilities assumed has been restored to Old WMI's historical book value. In addition, the Combined Unaudited Pro Forma Condensed Statement of Operations for the year ended 31 December 1997 and the three months ended 31 March 1998 have been adjusted for the effect of lower amortization as a result of restoring the book basis of the assets acquired and liabilities assumed by WMI to the historical book value of Old WMI.

(b) Adjustments have been made to conform the accounting for certain landfill related issues as if the companies had been combined since their inception. The net impact of those adjustments on income (loss) from continuing operations was an increase of \$1,182,000 and \$513,000 for the year ended 31 December 1997 and the three months ended 31 March 1998, respectively, and a decrease of \$3,755,000 and \$880,000 for the years ended 31 December 1995 and 1996, respectively.

(c) In November 1997, WMI purchased a 49 per cent. limited partner interest in LJ Water Partners, L.P. ("the Limited Partnership"), which was formed for the purpose of acquiring shares of Old WMI Common Stock on the open market. The Limited Partnership purchased shares of Old WMI Common Stock during November 1997 and sold substantially all of such shares in March 1998. For the three months ended 31 March 1998, WMI recorded other income of \$28,124,000 for its equity in the earnings of the Limited Partnership. An adjustment has been made to reverse WMI's equity in the earnings of the Limited Partnership to account for the transaction as if the companies had been combined since their inception.

(d) The stockholders' equity accounts have been adjusted to reflect the assumed issuance of 352,435,388 shares of WMI Common Stock for the 486,117,777 shares of Old WMI Common Stock issued and outstanding based on an exchange ratio of 0.725 of a share of WMI Common Stock for each outstanding share of Old WMI Common Stock. The assumed issuance of shares considers the 507,101,744 shares of Old WMI Common Stock issued, the 40,983,967 shares of Old WMI Common Stock held in treasury that will be cancelled upon consummation of the Merger, and the 20 million shares of Old WMI Common Stock expected to be issued to reverse certain share repurchases effected by Old WMI. Assuming that 20 million shares of Old WMI Common Stock are issued through a public sale at an offering price of \$32 per share and net issuance costs of 4 per cent., net proceeds would be \$614,400,000, which would be used to reduce the obligation to former WMI stockholders. See Note 3 below. The actual number of shares of WMI Common Stock to be issued pursuant to the Merger will be based upon the number of shares of Old WMI Common Stock issued and outstanding immediately prior to the consummation of the Merger.

(e) Adjustments have been made to reclassify Old WMI's foreign currency translation adjustment and minimum pension liability to accumulated other comprehensive income to conform to the presentation of WMI as if the companies had been combined since their inception.

(f) Adjustments have been made to reclassify Old WMI's depreciation and amortization from operating expenses and general and administrative expenses to a separate line item to conform to the presentation of WMI as if the companies had been combined since their inception.

(g) Pro forma basic earnings per common share for each period are based on the combined weighted average number of common shares outstanding, after giving effect to the issuance of 0.725 of a share of WMI Common Stock for each share of Old WMI Common Stock. Pro forma diluted earnings per common share for each period are based on the combined weighted average number of common and dilutive potential common shares outstanding, after giving effect to the issuance of 0.725 of a share of WMI Common Stock for each outstanding share of Old WMI Common Stock. The combined weighted average shares outstanding used in the pro forma basic and diluted earnings per share calculations are net of the shares of Old WMI Common Stock that are held by the Old WMI employee stock benefit trust and are treated similar to treasury shares for earnings per share calculation purposes. The combined pro forma diluted earnings per share for the year ended 31 December 1995 and the three months ended 31 March 1998 have been calculated assuming conversion of certain convertible debt, and therefore interest, net of taxes, \$9,100,000 and \$5,014,000, respectively, has been added back to income from continuing operations for this calculation. The WMI diluted earnings per common share for the year ended 31 December 1997 includes 25,125,000 dilutive potential common shares that become antidilutive for purposes of calculating the combined pro forma diluted earnings per common share.

3. PRO FORMA EFFECT OF OLD WMI EQUITY OFFERING ON RESULTS OF OPERATIONS

As previously discussed, in order for the Merger to qualify as a pooling of interests, approximately 20 million shares of Old WMI Common Stock must be issued to reverse certain share repurchases effected by Old WMI. Assuming that 20 million shares were issued at an offering price of \$32 per share and net issuance costs of 4 per cent., net proceeds to Old WMI would be \$614,400,000. The proceeds from the sale of stock, after payment of dividends on such stock based on the historical dividend rate, are assumed to be used to reduce outstanding indebtedness at an average borrowing rate of 6 per cent. The applicable tax rate is assumed to be 42 per cent. The following table summarizes the pro forma effect of the equity offering as if the offering has occurred at the beginning of the periods presented in the Combined Unaudited Pro Forma Condensed Statements of Operations:

	Year Ended 31 December			Three Months
	1995	1996	1997	Ended 31 March 1998
(In thousands, except per share amounts)				
Pro forma income (loss) from continuing operations	\$496,927	\$291,453	\$(1,029,977)	\$179,272
Decrease in interest expense as a result of equity offering, net of tax benefit	20,964	20,943	20,915	5,316
Pro forma income (loss) from continuing operations after equity offering	\$517,891	\$312,396	\$(1,009,062)	\$184,588
Pro forma basic earnings per common share from continuing operations after equity offering	\$ 1.02	\$ 0.58	\$ (1.80)	\$ 0.33
Pro forma diluted earnings per common share from continuing operations after equity offering	\$ 1.00	\$ 0.57	\$ (1.80)	\$ 0.32
Weighted average number of common shares outstanding after equity offering	509,722	543,142	561,032	563,646
Weighted average number of common and potential dilutive shares outstanding after equity offering	527,801	552,451	561,032	588,840

PART 5

TERMS AND CONDITIONS

The Proposal is conditional upon the Scheme becoming unconditional and becoming effective by not later than 31 December 1998 or such later date as the Company and WMII may agree and the Court may approve.

1. The Scheme will become effective following:

- (a) the approval by a majority in number, representing 75 per cent. in value, of the Scheme Shares held by those present and voting, either in person or by proxy, at the Court Meeting or at any adjournment thereof;
- (b) the special resolution set out on pages 80 and 81 of this document being passed at the Extraordinary General Meeting or at any adjournment thereof;
- (c) The Scheme being sanctioned by the Court, with or without modification as provided for in the Scheme, and confirmation of the reduction of capital involved therein by the Court, and an office copy of the order of the Court being delivered for registration to the Registrar of Companies in England and Wales (and registered by him in relation to the reduction of capital).

2. The Company and WMII have agreed that, subject as stated in paragraph 3 below, the Proposal will also be conditional upon the following conditions being satisfied or waived and, accordingly, the necessary action to make the Scheme effective will not be taken unless such conditions have been so satisfied or waived by WMII:

- (a) no government or governmental, quasi-governmental, supranational, statutory or regulatory body, trade agency, court or other body or person in any jurisdiction having instituted, implemented or threatened any action, proceedings, suit, investigation or enquiry, or having enacted, made or proposed any statute, regulation or order or taken any measures or other steps, that would or might make the Scheme or any part of it or the issue of the Transaction Statement, void, unenforceable or illegal, or directly or indirectly restrain, restrict, prohibit, delay or otherwise interfere in a material way with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge or in a material way hinder, the Scheme or any part of it or the Transaction Statement, or (save as fairly disclosed to Old WMI or any of its subsidiaries other than any member of the Group prior to 29 June 1998) otherwise materially and adversely affect the business, profits or prospects of the Group taken as a whole;
- (b) all authorisations, orders, grants, recognitions, confirmations, consents, clearances, permissions and approvals ("authorisations") and determinations which are material in the context of the Group taken as a whole or the Scheme necessary or appropriate in any jurisdiction for or in respect of the Scheme and each part of it being obtained in terms and in a form reasonably satisfactory to WMII from any persons or bodies (including, without limitation, any government or governmental, quasi-governmental, supranational, statutory or regulatory body, trade agency or court) with whom any member of the Group has entered into contractual arrangements (other than any such authorisation or determination required only from Old WMI or any company controlled in relation to any such authorisation or determination by Old WMI, if any) and such authorisations and determinations together with all authorisations and determinations (other than any such authorisation or determination required only from Old WMI or any company controlled in relation to any such authorisation or determination by Old WMI, if any) which are material in the context of the Group taken as a whole or the Scheme necessary or appropriate for any member of the Group to carry on its business remaining in full force and effect and there being no indication of any intention to revoke, suspend, restrict, modify or not renew any of the same and all appropriate waiting periods under any applicable legislation and regulations in any jurisdiction which are material in the context of the Group taken as a whole or the Scheme and all necessary statutory or regulatory obligations in any jurisdiction which are material in the context of the Group taken as a whole or the Scheme having been complied with;

- (c) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any member of the Group or any part of its assets may be bound, entitled or subject which would or might, as a result of the Scheme or any part of it, to an extent which is material in the context of the Group taken as a whole or the Scheme, result in (i) any moneys borrowed or other indebtedness (actual or contingent) of any member of the Group being or becoming repayable or capable of being declared repayable prior to its stated maturity or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited; (ii) any such arrangement, agreement, licence or instrument being breached, terminated or materially modified or any onerous obligation or liability arising or any material action being taken or right to take the same arising thereunder; or (iii) the interests of any member of the Group with any person under any such arrangement, agreement, licence or instrument or the interests or business of any such member in or with any other person or body (or any arrangements relating to such interests or business) being terminated, modified or materially adversely affected or any right to so terminate, modify or affect arising, and there being no indication of any intention to so terminate, modify or affect; or (iv) the respective financial or trading position or prospects of any such member being prejudiced or adversely affected; and
- (d) since 31 March 1998 and save for any matter fairly disclosed to Old WMI or any of its subsidiaries other than any member of the Group prior to 29 June 1998 (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of the Company or any other member of the Group which is material in the context of the Group taken as a whole; (ii) no litigation or arbitration, prosecution or other legal proceedings having been instituted or threatened by or against or otherwise involving any member of the Group and no investigation by any relevant authority against or in respect of any member of the Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any such member and which in any such case might materially and adversely affect the Group taken as a whole; and (iii) no contingent or other liability having arisen which is likely materially and adversely to affect the Group taken as a whole.

3. WMII reserves the right, in its absolute discretion, to waive all or any of the conditions in paragraph 2 above, in whole or in part.

WMII shall be under no obligation to waive or treat as fulfilled any of the above conditions by a date earlier than the latest date specified above for the fulfilment thereof notwithstanding that any such condition or the other conditions of the Proposal may at such earlier date have been fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

PART 6

TAXATION INFORMATION FOR UK AND US HOLDERS OF ORDINARY SHARES OR ADRS

1. UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only, are based on current legislation and Inland Revenue practice. They summarise certain limited aspects of the UK taxation treatment of the Scheme, as they relate (except insofar as express reference is made to the treatment of non-UK residents) to the holders of Scheme Shares who are the beneficial owners of their Scheme Shares, who hold their Scheme Shares as an investment, and who are resident in the UK for tax purposes. SHAREHOLDERS WHO ARE IN ANY DOUBT AS TO THEIR TAXATION POSITION OR WHO ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UK OR THE US, SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER.

(A) TAXATION OF CHARGEABLE GAINS

Liability to UK taxation on chargeable gains ("CGT") will depend on the particular circumstances of holders of Scheme Shares. The receipt by a holder of Scheme Shares of cash pursuant to the Scheme, will constitute a disposal of his Scheme Shares for CGT purposes. Such a disposal may, depending on that shareholder's individual circumstances, give rise to a liability to CGT. Shareholders whose base cost for UK capital gains purposes, ignoring indexation, exceeds the consideration received will realise an allowable loss which can be set against chargeable gains of that Shareholder in the same or any later tax year.

Non-resident holders of Scheme Shares or ADRs

Holders of Scheme Shares or ADRs who are not resident or ordinarily resident for tax purposes in the UK may be liable for UK tax on capital gains realised on the disposal of their Scheme Shares or ADRs if such securities are used, held or acquired for the purpose of a trade, profession or vocation carried on in the UK through a branch or agency or for the purposes of such branch or agency. Such holders may be subject to foreign taxation on any gain under local law.

Such holders should also note that if they have earlier been UK resident for tax purposes and their disposal of Scheme Shares or ADRs is of shares or ADRs that they held when they ceased to be a UK resident, and they then resume residence in the UK within five years of the year of their departure, gains or losses arising on the disposal of the Scheme Shares or ADRs during the period of non-residence will be treated as accruing in the year of resumption of residence in the UK (thereby being potentially taxable or allowable).

(B) SHARES ACQUIRED UNDER SHARE OPTION PLANS

Special tax provisions may apply to holders of Scheme Shares who have acquired or acquire their Scheme Shares by exercising options under the Share Option Plans, including provisions imposing a charge to income tax.

(C) STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

No stamp duty or SDRT will be payable by holders of Scheme Shares as a result of the Scheme.

2. UNITED STATES FEDERAL INCOME TAXATION

(A) US HOLDERS

The following paragraphs address certain United States federal income tax consequences applicable to Scheme Shareholders and ADR holders that are US Holders. The term "US Holder" means a beneficial owner of Scheme Shares or ADRs that is for US federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized under the laws of the US or any political subdivision thereof or therein, (iii) any estate or trust defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "IRC"), or (iv) a person whose worldwide income or gain is otherwise taxable

in the United States on a net income basis. This summary is based on the IRC, administrative pronouncements, judicial decisions and regulations, changes to any of which (which may be retroactive) may affect the tax consequences described herein. This summary assumes that the Scheme Shares and ADRs have been held as capital assets. It does not address the tax treatment of individuals who have received Scheme Shares and ADRs in connection with employment such as by the exercise of options granted to employees, and it is not addressed to holders owning at least 10 per cent. (after applying the constructive ownership rules of Section 958(b) of the IRC) of the voting power of the Company. This summary also assumes that the Company is not and has never been a passive foreign investment company for US federal income tax purposes. This summary does not discuss all tax consequences that may be relevant to a US Holder of Scheme Shares or ADRs in the light of such holder's particular circumstances or to holders subject to special rules, such as certain financial institutions, regulated investment companies, insurance companies, dealers in securities, exempt organizations, US Holders whose functional currency is not the United States dollar or US Holders engaged in straddle or "hedging" transactions.

The cancellation by a US Holder of ADRs so that they become Ordinary Shares is not a taxable event.

In general, a US Holder of Scheme Shares or ADRs will, for United States federal income tax purposes, recognize a gain or loss equal to the difference between such holder's adjusted tax basis in the Scheme Shares or ADRs cancelled and the amount of cash received in exchange therefor. Such gain or loss will generally be capital gain or loss. In general, any capital loss would be currently deductible only to the extent of the holder's capital gains plus, in the case of a non-corporate holder, ordinary income of up to \$3,000 (assuming a joint tax return is filed). A corporation may carryback unused capital losses to the preceding three years and carryforward unused capital losses to the next five years; an individual may carryforward such losses indefinitely. In addition, an accrual basis holder of Scheme Shares or ADRs that does not elect to be treated as a cash basis taxpayer pursuant to the foreign currency exchange regulations may have a foreign currency exchange gain or loss for United States federal income tax purposes because of differences between the US dollars/pounds sterling exchange rates prevailing on the Effective Date and on the date of payment. Any such currency gain or loss would be treated as ordinary income or loss and would be in addition to the gain or loss realised by the holder as a result of the Scheme.

(B) NON-US HOLDERS

Any gain realised by a person other than a US Holder (a "Non-US Holder") on the sale of Scheme Shares or ADRs generally will not be subject to US federal income taxation, unless (i) such gain is effectively connected with the conduct by the Non-US Holder of a US trade or business, (ii) the Non-US Holder is present in the US for 183 days or more in the year of disposition and certain other requirements are met, or (iii) the Non-US Holder is subject to US tax law provisions applicable to certain US expatriates.

The foregoing discussion is for general information only and is intended to be a summary of the principal United States federal income tax considerations of the Proposal. EACH UNITED STATES HOLDER SHOULD CONSULT HIS OR HER OWN TAX ADVISER CONCERNING THE UNITED STATES FEDERAL AND APPLICABLE STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THE PROPOSAL.

PART 7

ADDITIONAL INFORMATION

1. RESPONSIBILITY

With the exception of the expressions of opinion and the recommendation of the Independent Directors contained in the letter from Sir William Barlow set out on pages 7 to 10 (for which the Independent Directors alone accept responsibility) the Directors, whose names are set out below, accept responsibility for the information contained in this document relating to the Company, the Directors and their immediate families. To the best of the knowledge and belief of the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The officers and directors of WMI whose names are set out below accept responsibility for the information contained in this document (other than that relating to the Company, the Directors and their immediate families). To the best of the knowledge and belief of such officers and directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS AND OFFICERS

(A) The names of the Directors and their functions are set out below:

EXECUTIVE DIRECTORS	FUNCTION
Edwin G. Falkman	Chairman
Bo G.A. Gabrielson	Chief Executive
Peter B. Dessing	Finance Director
Donald F. Flynn	
Joseph M. Holsten	
Robert "Steve" Miller	

NON-EXECUTIVE

Sir William Barlow
Jan Ekman
Giorgio Porta
Dr. Manfred Scholz

(B) The officers and directors of WMI who accept responsibility for the information contained in this document (other than relating to the Company, the Directors and their immediate families) and their functions are set out below:

DIRECTORS	FUNCTION
Robert "Steve" Miller	Chairman
John Drury	Chief Executive Officer
Rodney Proto	President and Chief Operating Officer
Earl DeFrates	Chief Financial Officer
Donald Chappel	Senior Vice President, Operations/Administration
Gregory Sangalis	Senior Vice President, General Counsel and Secretary

3. MARKET QUOTATIONS

The following table sets out the middle market quotation for Ordinary Shares as derived from the London Stock Exchange Daily Official List for the first dealing day for each of the six months immediately prior to the date of this document, on 26 June 1998 (being the last dealing day prior to the announcement of the Proposal) and on . September 1998 (being the latest practicable date prior to the posting of this document):

	Pence
2 March 1998	183.5p
1 April 1998	227.5p
1 May 1998	228.0p
1 June 1998	242.0p
26 June 1998	247.5p
1 July 1998	329.0p
3 August 1998	331.0p
. September 1998	. p
. September 1998	. p

4. DISCLOSURE OF INTERESTS AND DEALINGS

(A) For the purposes of this paragraph 4, "disclosure period" means the period commencing on 29 June 1997 (being the date 12 months prior to the date on which the Proposal was announced) and ending on . September 1998 (being the latest practicable date prior to the posting of this document) and "offer disclosure period" means the period commencing on 29 June 1998 (being the date on which the Proposal was announced) and ending on . September 1998 (being the latest practicable date prior to the posting of this document).

References in this paragraph 4 to:

- (i) "relevant securities" are to Ordinary Shares and securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to, Ordinary Shares;
- (ii) an "associate" are to:
 - (a) subsidiaries and associated companies of WMI or the Company and companies of which any such subsidiaries or associated companies are associated companies;
 - (b) banks and financial and other professional advisers (including stockbrokers) to any company covered in (ii)(a) above, including persons controlling, controlled by or under the same control as, such banks or financial or other professional advisers;
 - (c) the directors of any company covered in (ii)(a) above (together in each case with their close relatives and related trusts); and
 - (d) the pension funds of any company covered in (ii)(a) above.

Ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and "control" means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding gives de facto control.

- (iii) a "bank" does not apply to a bank whose sole relationship with any company covered in (ii)(a) above is the provision of normal commercial banking services or such activities in connection with the Proposal as confirming that cash is available, handling acceptances and other registration work; and

iv) "arrangement" includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing.

(B) In the Company

(i) As at . September 1998 (the latest practicable date prior to the posting of this document), the interests of the Directors in the share capital of the Company (all of which are beneficial unless otherwise stated) and as shown in the register required to be kept under section 325 of the Act, were as follows:

	Number of Ordinary Shares	Number of Ordinary Shares subject to option	Date of grant	Exercise price per Ordinary Share (p)	Original exercise period (from--to)
Sir William Bar- low	3,100	25,000	18 Mar 92	526.5	Mar 93--Mar 99
P.B. Dessing (see also the addi- tional options in the table below)	14,000	100,000 100,000	10 Mar 97 16 Mar 98	234.0 201.9	Mar 98--Mar 04 Mar 99--Mar 05
J. Ekman	--	25,000	31 Mar 92	526.5	Mar 93--Mar 02
E.G. Falkman	5,000	300,000 143,397 140,625 155,000 160,000 200,000 200,000	31 Mar 92 27 Apr 93 26 Apr 94 25 Apr 95 1 May 96 10 Mar 97 16 Mar 98	526.5 588.4 536.6 261.8 365.0 234.0 201.9	Mar 93--Mar 99 Apr 94--Apr 00 Apr 95--Apr 01 Apr 96--Apr 02 May 97--May 03 Mar 98--Mar 04 Mar 99--Mar 05
D.F. Flynn	100,000	200,000	31 Mar 92	526.5	Mar 93--Mar 02
B.G. Gabrielson	7,100	25,000 28,042 42,188 46,500 15,000 80,000 200,000 200,000	31 Mar 92 27 Apr 93 26 Apr 94 25 Apr 95 25 Jul 95 1 May 96 10 Mar 97 16 Mar 98	526.5 588.4 536.6 261.8 296.0 365.0 234.0 201.9	Mar 93--Mar 99 Apr 94--Apr 00 Apr 95--Apr 01 Apr 96--Apr 02 Jul 96--Jul 02 May 97--May 03 Mar 98--Mar 04 Mar 99--Mar 05
J.M. Holsten	2,000	100,000 60,000 140,000 160,000	31 Mar 92 27 Apr 93 25 Jul 95 1 May 96	526.5 588.4 296.0 365.0	Mar 93--Mar 99 Apr 94--Apr 00 Jul 96--Jul 02 May 97--May 03
G. Porta	--	25,000	31 Mar 92	526.5	Mar 93--Mar 02
Dr. M. Scholz	--	25,000	27 Apr 93	588.4	Apr 94--Apr 03

As a result of the Merger, options (including the additional options of P.B. Dessing referred to below) which were granted before 16 March 1998 became exercisable on 16 July 1998 (if their exercise period had not yet commenced) and will lapse, if they have not been previously exercised, on 16 July 1999, and upon consummation of the Merger a holder of such options acquired the right to exchange such options for a cash sum per option equal to the difference between (a) the average price of the Ordinary Shares for the five trading days preceding the date on which the right is exercised (or, if higher, 329.4p) and (b) the exercise price of the option. Options granted on or after 16 March 1998 are unaffected by the Merger.

Prior to his relocation to the London office of the Company, Mr Dessing was employed by Waste Management Nederland BV in the Netherlands. He was granted options over Ordinary Shares pursuant to an Annex to the Waste Management International plc Share Option Plan approved by the Share Option and Compensation Committee on 25 April 1995. With respect to such options, Waste Management Nederland BV lent Mr Dessing a total of NLG 78,944 (approximately (Pounds)23,600) to facilitate his purchase of the options as they vested. The relevant amount will be repaid to the company at the time the options are exercised. No interest is levied by the company with respect to this loan. Details of these options are as follows:

Date of Grant	Number of Ordinary Shares subject to option	Original exercise period (from -- to)	Exercise price per Ordinary Share (p)
31 March 1992	25,000	Tranche 1: Mar 93--Mar 98	lapsed
		Tranche 2: Mar 94--Mar 99	539.0
		Tranche 3: Mar 95--Mar 00	262.4
27 April 1993	20,000	Tranche 1: Apr 94--Apr 99	538.0
		Tranche 2: Apr 95--Apr 00	260.4
		Tranche 3: Apr 96--Apr 01	359.2
26 April 1994	20,000	Tranche 1: Apr 95--Apr 00	261.8
		Tranche 2: Apr 96--Apr 01	356.0
		Tranche 3: Apr 97--Apr 02	240.2
25 April 1995	20,000	Tranche 1: Apr 96--Apr 01	350.6
		Tranche 2: Apr 97--Apr 02	237.7
		Tranche 3: Apr 98--Apr 03	228.2
1 May 1996	25,000	Tranche 1: May 97--May 02	244.7
		Tranche 2: May 98--May 03	228.0
		Tranche 3: May 99--May 04	329.4

(ii) The following Directors have dealt for value in Ordinary Shares during the disclosure period.

	Date	Nature of Transaction	Number of Ordinary Shares	Number of ADRs	Price
P.B. Dessing	5 Nov 97	Purchase	--	2,000	US\$6.63
	16 Mar 98	Purchase	--	2,100	US\$7.25
	1 Apr 98	Purchase	--	2,900	US\$7.25
B.G. Gabrielson	13 Nov 97	Purchase	3,000	--	(Pounds)2.21

(iii) As at . September 1998 (the latest practicable date prior to the posting of this document), the WMI Group was beneficially interested in 300 million Ordinary Shares.

(iv) As at . September 1998 (the latest practicable date prior to the posting of this document), the interests of the directors of WMI and the directors of WMII in the share capital of the Company (all of which are beneficial unless otherwise stated), were as follows:

	Number of ADRs
Robert P. Damico	6,000

(v) Save as disclosed in this paragraph 4, none of the Directors or the directors of WMI or of WMII, or any member of their immediate families or related trusts owns, controls or is interested in any relevant securities, nor has any such person dealt for value therein during the disclosure period.

(vi) Save as disclosed in this paragraph 4, neither:

(a) WMI or WMII; nor

(b) any person acting in concert with WMI or WMII; nor

(c) any subsidiary of the Company, nor any pension fund of any member of the Group, nor any bank or financial or other professional adviser of the Company (including stockbrokers but excluding exempt market-makers) including any person controlling, controlled by or under the same control as any such bank or financial or other professional adviser; nor

(d) any discretionary fund manager (other than an exempt fund manager) connected with the Company;

owns or controls any relevant securities, nor has any such person as is mentioned in sub-paragraph (vi)(a) or (b) above dealt for value therein during the disclosure period, nor has any such person as is mentioned in sub-paragraph (vi)(c) or (d) above dealt for value therein during the offer disclosure period.

(vii) Save as disclosed in this paragraph 4, neither WMI or WMII nor any person acting in concert with WMI or WMII nor the Company nor any associate of the Company, has any arrangement in relation to relevant securities.

(C) In WMI

(i) As at . September 1998 (the latest practicable date prior to the posting of this document), the interests in the share capital of WMI of the Directors (all of which are beneficial unless otherwise stated) and as shown in the register required to be kept under section 325 of the Act, were as follows:

Director	Number of shares of common stock of WMI	Number of shares of common stock of WMI subject to option	Date of grant	Exercise price per share (US\$)	Original exercise period (from-to)
Sir William Barlow	652	--	--	--	--
P.B. Dessing	--	1,132	2 Jul 90	57.42	2 Jul 91--2 Jul 00
		2,872	2 Jan 91	48.88	2 Jan 92--2 Jan 01
E.G. Falkman	18,849	8,049	2 Jan 90	48.45	2 Jan 91--2 Jan 00
		9,206	2 Jan 91	48.88	2 Jan 92--2 Jan 01
		9,179	3 Apr 95	37.59	3 Apr 96--3 Apr 05
D.F. Flynn	368,479	--	--	--	--
J.M. Holsten	48,950*	4,179	2 Jan 90	48.45	2 Jan 91--2 Jan 00
		4,603	2 Jan 91	48.88	2 Jan 92--2 Jan 01
		8,135	3 Mar 93	41.21	3 Mar 94--3 Mar 03
		8,626	3 Jan 94	36.52	3 Jan 95--3 Jan 04
		25,940	3 Apr 95	37.59	3 Apr 96--3 Apr 05
		9,608	1 Apr 96	43.72	1 Apr 97--1 Apr 06
		48,253	9 May 97	41.45	9 May 98--9 May 07
		72,500	20 Jun 97	46.69	20 Jun 98--20 Jun 07
		77,293	10 Mar 98	33.64	10 Mar 99--10 Mar 08
R.S. Miller	2,575	2,175	9 May 97	41.45	9 May 98--9 May 07
		54,375	4 Nov 97	32.24	4 Nov 98--4 Nov 07
		160,533	10 Mar 98	33.64	10 Mar 99--10 Mar 08

*Includes 600 shares owned by minor children of which Mr. Holsten has custodial responsibility.

As a result of the Merger, certain options, based upon their date of grant and the plan under which they were issued, became immediately exercisable without regard to any vesting period; certain options became exchangeable at the option of the holders for payment in WMI common stock equal in value to the difference between the respective exercise prices of those options and the value of the consideration being paid in the Merger for shares of common stock of WMI; and the holders of certain options became entitled to retain their options until their stated exercise date notwithstanding the severance of employment with WMI.

- (ii) Save as disclosed above, neither the Company nor any of the Directors or any person connected with them owns, controls or is interested in any shares of WMI or in any securities convertible into, rights to subscribe for, or options in respect thereof, nor has any such person dealt for value therein during the disclosure period.

(D) Substantial shareholdings

Save for the WMI Group as disclosed in paragraph 4 (B)(iii) above, the Company is not aware of any person who is interested, directly or indirectly, in three per cent. or more of the Company's issued share capital.

5. DIRECTORS' SERVICE CONTRACTS

- (A) E.G. Falkman and B.G.A. Gabrielson each have service contracts which may terminate on three years' notice. Pursuant to a liquidated damages clause which was negotiated with each such Director in January 1998, however, the Company's liability for severance pay is capped at two years salary plus non-discretionary bonuses and benefits.
- (B) Mr. Dessing has a service contract with a subsidiary of WMI which provides for severance terms identical to those granted to Messrs. Falkman and Gabrielson. In the event of termination of Mr. Dessing's employment, the Company would be liable to reimburse such subsidiary of WMI for any amounts paid.

Save as disclosed above, there are no service contracts between any current or proposed Director and any member of the Group having more than twelve months to run and no such contract has been entered into or amended within the six months preceding the date of this document.

6. MATERIAL CONTRACTS

(A) The Company

The following contracts, which are or may be material, not being contracts entered into in the ordinary course of business, have been entered into by the Group since 29 June 1996 (being two years prior to the date on which the Proposal was announced):

(a) Amendment of Wessex Waste Management Limited Shareholders' Agreement

Under an agreement dated 18 December 1996 between Waste Management International B.V. ("BV"), the Company, UK Waste Management Holdings ("UKWMH"), Wessex and Wessex Waste Management Limited ("WWM") certain agreements between the Company and Wessex relating either to the Company's investment in Wessex or the ownership of WWM were amended or terminated.

The parties to the agreement also agreed in principle on the terms under which Wessex would purchase certain of its shares held by the Company. This transaction is more fully described in item (b) below.

The agreement also permitted the Company to sell on the market the remaining shares in Wessex not being repurchased by Wessex. Such shares were subsequently sold for a total consideration of approximately (Pounds)23 million.

In addition, the agreement provided for the termination of the Standstill Agreement between Wessex and UKWMH dated 28 February 1991 (as amended) under which UKWMH was prohibited from acquiring more than 25 per cent. of Wessex or selling any Wessex shares without the approval of Wessex. The agreement also terminated the Option Instrument pursuant to which the Company had been issued with certain options to acquire additional shares in Wessex. As a result of this termination, the Company's options to acquire 10,605,303 ordinary shares in Wessex were cancelled.

Finally, the agreement amended the Shareholders' Agreement between BV, the Company, Wessex and WWM dated 30 January 1991 (as amended) (the "Shareholders' Agreement") such that, among other things, the right of Wessex to put its interest in WWM to the Company was deferred until after 28 February 1998 and the price at which such interest would be sold was amended to reflect fair market value of WWM.

The Shareholders' Agreement provides that under certain circumstances generally involving an offer being made for all of the outstanding shares of Old WMI, Wessex has a right to purchase the Group's joint venture interest in WWM for the then fair market value. Following completion of the Merger, the Company received notice from Wessex that the Merger constituted an "Event of Default" under the Shareholders' Agreement. Wessex's notice does not indicate an intention to exercise such right and Wessex has publicly stated that it has not decided whether to exercise such right. In 1997, the Group had turnover of (Pounds)167.8 million and operating profit (before minority interest) of (Pounds)21.9 million from the joint venture. The Group's carrying value (including goodwill) was (Pounds)212.6 million as of 31 December 1997. At this time, it is impossible to determine whether such a transaction would result in a gain or a loss because the price for such a sale is currently unknown.

The Shareholders' Agreement grants a similar right to the Company to acquire Wessex's interest in WWM in the event of a change of control of Wessex. On 24 July 1998, the board of Wessex announced the terms of a recommended offer for all the issued shares of Wessex by Enron Corp. If such a transaction occurs, the Company would have the right to acquire Wessex's 49 per cent. interest in WWM for its then fair market value.

(b) Sale of investment in Wessex

Under the terms of a Share Purchase Agreement dated 14 February 1997 between UKWMH, the Company and Wessex, Wessex agreed to redeem approximately 87 per cent. of the Company's 19.5 per cent. interest in Wessex's share capital for a total consideration of (Pounds)157 million in cash. The following shares were purchased by Wessex:

- (i) 722,771 of the 7,227,709 ordinary shares held by the Company;
- (ii) 30,225,106 "B" ordinary shares; and
- (iii) 13,285,088 "C" ordinary shares.

In the case of the "B" and "C" ordinary shares, the number purchased by Wessex reflected the total holding of such shares held by the Company.

(c) Sale of operations in France and Spain

Under an agreement dated 23 June 1997, the Company sold substantially all of its remaining operations in France to SITA S.A. for FF270 million in cash and deferred consideration consisting of cash and notes to be paid over a five year period. The transaction resulted in no gain or loss to the Company on a consolidated basis. On 30 September 1997, the Company sold the notes received in the transaction for an aggregate price of FF311 million. Under an agreement dated 31 July 1997, the Company sold its 60 per cent. interest in Ingenieria Urbana, S.A. to Segema Servicios Generales de Medio Ambiente, S.A. ("SEGEMA") for a cash purchase price of Pta 2.515 billion. SEGEMA is an affiliate of SITA S.A.

(d) Sale of German waste-to-energy facility

Under an agreement dated 9 April 1997 between the Company and VEW AG (a German energy utility), VEW AG was granted an option to purchase the Company's waste-to-energy plant located in Hamm, Germany for DM245 million. In addition, the Company had the right to require VEW to purchase the facility for a price of DM210 million. The agreement was structured as an option to enable VEW to work with the City of Hamm, the principal supplier of waste to the plant, to modify the terms of the existing waste supply agreement.

On 22 December 1997, a subsidiary of VEW AG formally exercised the option to purchase the Hamm facility. The sale was completed on 2 January 1998. The sale of the facility resulted in no significant gain or loss to the Company.

(B) WMI

The following contracts, which are or may be material, not being contracts entered into in the ordinary course of business have been entered into by the WMI Group (excluding the Group) since 29 June 1996 (being two years prior to the date on which the Proposal was announced):

(a) Merger between Old WMI and WTI

On 8 December 1997, Old WMI and WTI entered into a definitive merger agreement pursuant to which, upon consummation of the merger, Old WMI would become the holder of all the outstanding equity securities of WTI and all the outstanding common stock of WTI held by stockholders other than Old WMI and its affiliates (other than common stock held by public stockholders who perfected their dissenters' appraisal rights) would be converted into the right to receive \$16.50 in cash per share of common stock.

(b) Merger between Old WMI and WMI

On 10 March 1998, Old WMI entered into a definitive merger agreement with WMI (then known as USA Waste Services, Inc.) relating to the Merger which provided, subject to the satisfaction of the conditions contained therein, that Old WMI would be merged with and into a wholly owned subsidiary of WMI and that upon consummation of the Merger, Old WMI's shareholders would receive 0.725 shares of WMI's common stock for each share of Old WMI common stock held immediately prior to the Merger. On 16 July 1998, the Merger was consummated. Upon consummation of the Merger, Old WMI became a wholly owned subsidiary of WMI and changed its name to Waste Management Holdings, Inc.

7. LITIGATION

In June 1998, an alleged holder of ADRs filed a putative class action complaint in the Circuit Court of Cook County, Chicago, Illinois, naming Old WMI, the Company and several directors of the Company as defendants. The complaint seeks to enjoin the completion of the Scheme or, in the alternative, rescission or compensatory damages in the event the Scheme is completed. Among other things, the complaint asserts that the completion of the Scheme will constitute a breach of defendants' fiduciary duties to the holders of ADRs and, if the Scheme is completed, the holders of ADRs will be denied a proper premium for their ADRs. WMI, on behalf of Old WMI, the Company and the named directors intend to contest this litigation vigorously.

In July 1998, a putative class of alleged holders of Ordinary Shares filed a complaint in the Circuit Court of Cook County, Chicago, Illinois, naming Donald F. Flynn and Old WMI as defendants. The complaint seeks to enjoin the completion of the Scheme or, in the alternative, rescission or compensatory damages in the event the Scheme is completed. Among other things, the complaint asserts that the completion of the Scheme will constitute a breach of defendants' fiduciary duties to the shareholders of the Company (Mr. Flynn is a director of the Company, and Old WMI is its controlling shareholder) and that, if the Scheme is completed, the shareholders of the Company will be denied a proper premium for their Ordinary Shares. WMI, on behalf of Old WMI, and Mr. Flynn intend to contest this litigation vigorously.

8. FINANCING ARRANGEMENTS

- (i) The Proposal will be financed from the WMI Group's existing resources and facilities. Neither the payment of interest on, nor repayment of, nor security for, any liability (contingent or otherwise) of the WMI Group will depend to any significant extent on the business of the Company.
- (ii) Merrill Lynch is satisfied that the WMI Group has the necessary financial resources available to it to satisfy full implementation of the Scheme.

9. MISCELLANEOUS

- (A) There is no agreement, arrangement or understanding including any compensation arrangement between (i) WMI, WMII or any person acting in concert with WMI and WMII and (ii) any of the recent or current Shareholders (other than members of the WMI Group) or any Director or recent director of the Company having any connection with or dependence on the Scheme.
- (B) KPMG Corporate Finance is a division of KPMG which is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales. The principal place of business of KPMG Corporate Finance is 8 Salisbury Square, London EC4Y 8BB, where a list of the partners' names is open to inspection.
- (C) Merrill Lynch is regulated in the UK by the Securities and Futures Authority Limited and its registered office is at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY.
- (D) Each of KPMG Corporate Finance and Merrill Lynch has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.
- (E) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Ordinary Shares to be acquired by WMII and/or its nominee(s) following the implementation of the Scheme will be transferred to any other person.
- (F) Settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counter claim or other analogous right to which WMII may otherwise be, or claim to be, entitled against such shareholder.
- (G) The effect of the Scheme on the interests of the Directors does not differ from its effect on the like interests of other persons.
- (H) Each of the Directors intends to vote in favour of all resolutions on which he is entitled to vote at the Meetings.
- (I) Save as disclosed herein, there has been no material change in the financial or trading position of WMI since 31 March 1998, the date as of which the combined unaudited pro forma condensed financial statements of WMI and Old WMI were prepared.
- (J) Save as disclosed herein, there has been no material change in the financial or trading position of the Company since 31 December 1997, the date to which the latest published audited accounts of the Company were prepared.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB, during usual business hours on any weekday (Saturdays excepted) until the Effective Date or the date that the Scheme lapses, whichever is the earlier:

- (A) the Memorandum and Articles of Association of the Company and the equivalent constitutional documents of WMI;
- (B) the audited consolidated accounts of WMI, Old WMI, and the Company for the two years ended 31 December 1997;
- (C) the unaudited interim reports of WMI and the Company for the six months ended 30 June 1998;

- (D) the material contracts referred to in paragraph 6 above;
- (E) the consents referred to in paragraph 9(D) above;
- (F) the Transaction Statement;
- (G) the Joint Proxy Statement/Prospectus dated 9 June 1998 in respect of the Merger as filed with the US Securities and Exchange Commission and sent to shareholders of Old WMI and USA Waste Services, Inc.; and
- (H) the Directors' service contracts referred to in paragraph 5 above.

Dated . September 1998.

SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. [] of 1998

IN THE MATTER OF
WASTE MANAGEMENT INTERNATIONAL plc

- and -

IN THE MATTER OF
THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT
(UNDER SECTION 425 OF THE COMPANIES ACT 1985)

BETWEEN:
WASTE MANAGEMENT INTERNATIONAL plc

- and -

THE HOLDERS OF THE SCHEME SHARES
(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

"CREST"	a relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
"CREST Manual"	the CREST manual referred to in the agreements entered into by CRESTCo Limited
"CREST Regulations"	the Uncertificated Securities Regulations 1995 (SI 1995 No. 3272)
"Dollar Election"	the election under which Scheme Shareholders may elect to receive all, but not part, of their cash entitlement under the Scheme in US dollars
"Dollar Exchange Rate"	the mid-point spot rate for conversion of pounds sterling into US dollars at 4.00 pm on the Effective Date, as derived from the WM Reuters page showing such rate
"Effective Date"	the day on which this Scheme becomes effective in accordance with clause 5(A)

"Hearing Date" the date of the hearing by the Court of the Petition to sanction this Scheme

"holder" includes any person entitled by transmission

"New Ordinary Shares" the "A" ordinary shares of 5p each in the capital of the Company to be created in accordance with clause 2(A) of this Scheme which shares shall rank pari passu with the existing Ordinary Shares

"Ordinary Shares" ordinary shares of 10p each in the capital of the Company

"Record Date" the business day immediately preceding the Effective Date

"Relevant Holder" each person who appears as a holder of Scheme Shares in the Register of Members of the Company at 5.30 pm on the Record Date

"Scheme Shares" the Ordinary Shares in issue at the date of this document, other than WMI Group Shares, together with:

- (i) any additional Ordinary Shares which may be issued after the date of this document but before 5.30 pm on the business day immediately before the date of the meeting of members of the Company convened by order of the Court to consider the Scheme; and
- (ii) any further Ordinary Shares which may be issued after the period referred to in paragraph (i) above but before 5.30 pm on the business day immediately before the Hearing Date and on terms that they are bound by the Scheme

"uncertificated" or "in uncertificated form" recorded on the relevant register as "in uncertificated form" being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by CREST

"the Company" Waste Management International plc, a company registered in England and Wales under number 2669336

"WMI" Waste Management, Inc., a corporation organised under the laws of the State of Delaware, United States of America

"WMI Group" WMI and its subsidiaries (excluding the Company and its subsidiaries)

"WMI Group Shares" those issued Ordinary Shares in which any member of the WMI Group is beneficially interested as at the date of this document

"WMI" Waste Management International, Inc., a corporation organised under the laws of the State of Delaware, United States of America

"this Scheme" this Scheme in its present form or with any modification, addition or condition approved or imposed by the Court

- (B) The authorised share capital of the Company is (Pounds)100,000,000 divided into 1,000,000,000 Ordinary Shares of 10p each of which 375,273,456 have been issued and are fully paid and the remainder are unissued.
- (C) The WMI Group Shares number 300,000,000 Ordinary Shares.
- (D) WMII has agreed to appear by Counsel on the hearing of the petition to sanction this Scheme and to undertake to the Court to be bound thereby and to execute all documents and do all such acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. The capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares.
2. Forthwith and contingently upon the said reduction of capital taking effect:
 - (A) the capital of the Company shall be increased to its former amount by the creation of that number of New Ordinary Shares whose aggregate nominal amount shall equal the amount of capital so cancelled; and
 - (B) the credit arising in the books of account of the Company as a result of such reduction of capital shall be capitalised and applied in paying up in full at par the New Ordinary Shares, which shall be allotted and issued, credited as fully paid up, to WMII and/or its nominee(s).
- 3.(A) In consideration of the cancellation of the Scheme Shares and the issue to WMII and/or its nominee(s) of the New Ordinary Shares, WMII shall not later than 14 days after the Effective Date pay (i) to each Relevant Holder who has not made a Dollar Election, the sum of 345p in respect of each Scheme Share held by him at 5.30 pm on the Record Date and (ii) to each Relevant Holder who has made a Dollar Election, the US dollar equivalent of the sum of 345p in respect of each Scheme Share held by him at 5.30 pm on the Record Date, such US dollar equivalent to be calculated using the Dollar Exchange Rate. The aggregate US dollar amount due under the Scheme to a Relevant Holder who has made a Dollar Election shall be rounded down to the nearest whole cent.
 - (B) Elections to receive US dollars shall be valid only by due completion of the form of election sent to holders of Scheme Shares with the Scheme and which form shall have been signed by the Relevant Holder or his duly authorised agent and, in the case of joint holders, in like manner by or on behalf of such holders and shall have been completed and returned in accordance with the instructions thereon so as to arrive at Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than 5.30 pm on 2 November 1998.
 - (C) Not more than 14 days after the Effective Date, WMII shall deliver, or procure to be delivered, to each Relevant Holder holding Scheme Shares in certificated form or who has made a Dollar Election a cheque for the amount due to him by duly posting the same in a pre-paid envelope addressed to him at his address as appearing in the register of members of the Company at 5.30 pm on the Record Date and neither WMII nor the Company shall be responsible for any loss or delay in transmission. In the case of joint holders the cheque shall be made payable to, and posted to the registered address of, the holder whose name appears first in the register of members of the Company in respect of the joint holding. The encashment of any such cheque shall be a complete discharge to WMII for the money represented thereby.
 - (D) Not more than 14 days after the Effective Date, WMII shall arrange for the creation of an assured payment obligation in accordance with the CREST assured payment arrangements (as set out in the CREST Manual) in favour of the payment bank of each Relevant Holder who holds Scheme Shares in uncertificated form and who has not made a Dollar Election in respect of the amount due to such

Relevant Holder, provided that WMII may (if, for any reason, it wishes to do so) determine that all or part of the amounts due to Relevant Holders who hold Scheme Shares in uncertificated form shall be paid by cheque despatched by post in the manner provided by clause 3(C) of this Scheme.

(E)The provisions of this clause shall be subject to any prohibition or condition imposed by law.

4. As from and including the Effective Date, all certificates representing holdings of Scheme Shares shall cease to be valid for any purpose and each former holder of Scheme Shares shall be bound on request to deliver up to the Company the certificate for his holding thereof.
- 5.(A) This Scheme shall become effective as soon as an office copy of the Order of the Court sanctioning this Scheme under section 425 of the Companies Act 1985 and confirming under section 137 of such Act the reduction of the capital of the Company provided for by clause 1 of this Scheme shall have been duly registered by the Registrar of Companies.

(B) Unless the Scheme shall have become effective on or before 31 December 1998 or such later date, if any, as the Company and WMII may agree and the Court may allow, this Scheme shall never become effective.
6. The Company and WMII may jointly consent, on behalf of all persons affected, to modification of or addition to this Scheme, or to any condition thereto, in each case approved or imposed by the Court.

Dated . September 1998

WASTE MANAGEMENT INTERNATIONAL PLC
NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. [] of 1998

MR. REGISTRAR .

IN THE MATTER OF WASTE MANAGEMENT INTERNATIONAL plc
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that, by an Order dated [] made in the above matters, the Court has directed a Meeting to be convened of the holders of the Scheme Shares (as defined in the Scheme of Arrangement hereinafter referred to) for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between Waste Management International plc (the "Company") and the said holders of Scheme Shares and that such Meeting be held at 10.00 am on 7 October 1998 at the offices of Slaughter and May, 4 Coleman Street, London EC2V 5DB, at which place and time all the said holders of the Scheme Shares are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the Statement required to be furnished pursuant to section 426 of the above-mentioned Act are incorporated in the document of which this Notice forms part.

THE SAID SHAREHOLDERS MAY VOTE IN PERSON AT THE SAID MEETING OR THEY MAY APPOINT ANOTHER PERSON, WHETHER A MEMBER OF THE COMPANY OR NOT, AS THEIR PROXY TO ATTEND AND VOTE IN THEIR STEAD.

A pink form of proxy for use at the Meeting is enclosed herewith.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.

It is requested that forms appointing proxies be lodged with the Company's Registrar, Computershare Services PLC, P.O. Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not less than 48 hours before the time appointed for the said Meeting, but if forms are not so lodged they may be handed to the Chairman at the Meeting.

Entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 5.30 pm on the day prior to the day immediately before the Meeting or any adjourned Meeting (as the case may be). Changes to entries in the register of members after that time will be disregarded in determining the rights of any person to attend and vote at the Meeting.

By the said Order the Court has appointed Sir William Barlow or failing him Mr. Jan Ekman or failing him Mr. Giorgio Porta or failing him Dr. Manfred Scholz to act as Chairman of the said Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Slaughter and May
35 Basinghall Street
London EC2V 5DB

Dated . September 1998

WASTE MANAGEMENT INTERNATIONAL PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Waste Management International plc (the "Company") will be held at 10.30 am on 7 October 1998 at the offices of Slaughter and May, 4 Coleman Street, London, EC2V 5DB (or as soon thereafter as the Court Meeting (as such term is defined in the document of which this Notice of Meeting forms part) shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (A) the scheme of arrangement dated . September 1998 (the "Scheme") between the Company and the holders of the Scheme Shares (as defined in the Scheme) (a print of which Scheme is set out in the document of which this Notice of Meeting forms part and which for the purpose of identification has been signed by the Chairman of this Meeting), be hereby approved;
- (B) subject to the Scheme being duly approved by the said holders of the Scheme Shares:
 - (i) for the purpose of giving effect to the Scheme, the capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares;
 - (ii) forthwith and contingently upon the said reduction of capital taking effect:
 - (a) the capital of the Company be increased to its former amount by the creation of that number of new "A" ordinary shares of 5p each whose aggregate nominal amount shall equal the amount of capital so cancelled and which "A" ordinary shares shall rank pari passu with the existing ordinary shares; and
 - (b) the credit arising in the books of account of the Company as a result of such reduction of capital be capitalised and applied in paying up in full at par the said new "A" ordinary shares, which shall be allotted and issued, credited as fully paid up, to Waste Management International, Inc. and/or its nominee(s);
 - (iii) the Board of Directors of the Company be and is hereby generally and unconditionally authorised for the purpose of section 80 of the Companies Act 1985 to exercise all powers of the Company to allot new ordinary shares to Waste Management International, Inc. and/or its nominee(s) up to an aggregate nominal amount of (Pounds)50,000,000, such authority to expire on . September 2003; and
 - (iv) the Articles of Association of the Company be amended by the adoption of the following new Article 1(J):

"Scheme of Arrangement

- 1(J) (i) In this article references to the "Scheme" are to the scheme of arrangement of the company dated . September 1998 proposed by the company under section 425 of the Companies Act 1985 and expressions defined in the Scheme shall have the same meanings when used in this article.
- (ii) If any ordinary shares shall be allotted on or after . October 1998 but before 5.30 pm on the business day immediately preceding the Hearing Date such ordinary shares shall be allotted and issued subject to the terms of the Scheme and shall constitute Scheme Shares and the holders thereof shall be bound by the Scheme accordingly.

(iii) If any ordinary shares shall be allotted after 5.30 pm on the business day immediately preceding the Hearing Date such ordinary shares shall be allotted and issued on terms that the relevant allottees and any subsequent holders thereof shall be obliged forthwith upon the written request of Waste Management International, Inc. to transfer them to Waste Management International, Inc. or its nominee(s) in consideration for the payment by Waste Management International, Inc. to such allottee or subsequent holder of 345p for each such ordinary share.

(iv) In order to give effect to any transfer required by paragraph (iii) above the company may appoint any person to execute and deliver on behalf of the relevant allottee or subsequent holder a form of transfer in favour of Waste Management International, Inc. or its nominee(s) and a cheque in respect of the amount to be paid to the relevant allottee or subsequent holder will be despatched to such allottee or subsequent holder at his registered address at his risk by or on behalf of Waste Management International, Inc. within 21 days of the issue of the ordinary shares to the relevant allottee. Encashment of any such cheque shall be a complete discharge to Waste Management International, Inc. for the money represented thereby.

(v) If the Scheme shall not have become effective on or before the date referred to in clause 5(B) of the Scheme this article shall be of no effect."

. September 1998

Registered office: 3 Shortlands Hammersmith International Centre London W6 8RX
By Order of the Board S. P. Stanczak Secretary

Notes:

1. A member entitled to attend and to vote at the above meeting may appoint one or more persons as his proxy to attend and on a poll to vote in his place. A proxy need not be a member of the Company.
2. Valid forms of proxy must be lodged with the Company's registrar, Computershare Services PLC, P.O. Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not less than 48 hours before the time appointed for the above meeting.
3. Only holders of ordinary shares on the register at 5.30 pm on the day prior to the day immediately before the meeting or any adjourned meeting (as the case may be) shall be entitled to attend and/or vote at the meeting. They shall be entitled to vote in respect of the number of ordinary shares registered in their names at the above time and any subsequent changes to the register shall be disregarded in determining rights to attend and vote.

SCHEDULE B

DIRECTORS AND OFFICERS OF WMI

DIRECTORS OF WMI

Set forth below are the name and business address of each person who is a director of WMI and: (i) the present principal occupation or employment of each such person and the name, principal business and address of the corporation or other organization in which such occupation or employment of each such person is conducted and (ii) the material occupations, positions, offices and employment and the name, principal business and address of any corporation or other organization in which any material occupation, position, office or employment of each such person was held during the last five years. Each person listed below is a citizen of the United States.

NAME AND ADDRESS	PRINCIPAL OCCUPATIONS
H. Jesse Arnelle..... c/o WMI 1001Fannin Suite 4000 Houston, Texas 77002	Mr. Arnelle has been a director of WMI since the consummation of the Merger. Mr. Arnelle was a director of Old WMI from 1992 until the consummation of the Merger. In October 1997, he became counsel to Womble, Carlyle, Sandridge and Rice, a law firm in Winston-Salem, North Carolina. For more than ten years prior thereto, Mr. Arnelle was a senior partner of Arnelle, Hastie, McGee, Willis and Greene, a San Francisco-based law firm. From 1993 to 1998, he served as Vice Chairman and the Chairman of the Pennsylvania State University Board of Trustees. Mr. Arnelle is also a director of Florida Power & Light (FPL Group), Eastman Chemical Co., Textron Corporation, Wells Fargo & Company and Wells Fargo Bank N.A., Armstrong World Industries and Union Pacific Resources, Inc.
Dr. Pastora San Juan Cafferty... The University of Chicago The School of Social Service Administration 969 East 60th Street Chicago, Illinois 60637	Dr. Cafferty has been a director of WMI since the consummation of the Merger. Dr. Cafferty was a director of Old WMI from July 1994 until the consummation of the Merger. She has been a Professor since 1985 at the University of Chicago, where she has been a member of the faculty since 1971. Dr. Cafferty also serves as a director of Kimberly-Clark Corporation, Harris Bankcorp and its subsidiary, Harris Trust and Savings Bank, and People's Energy Corporation and on the Boards of the Rush-Presbyterian-St. Luke's Medical Center and the Lyric Opera Association, both in Chicago.
Ralph F. Cox..... c/o WMI 1001Fannin Suite 4000 Houston, Texas 77002	Mr. Cox has been a director of WMI since the consummation of the Merger. Mr. Cox was a director of USA Waste from 1996 until the consummation of the Merger. He served as a director of Sanifill from September 1993 until December 1996. Since February 1, 1994, Mr. Cox has been a management consultant. For four years prior thereto, Mr. Cox was President of Greenhill Petroleum Corporation, a subsidiary of Western Mining Corporation. From 1985 through 1990, he served as President and Chief Operating Officer of Union Pacific Resources Company, a petroleum exploration and production company. Before 1985, Mr. Cox spent 31 years with Atlantic Richfield Company ("ARCO"), joining the ARCO board in 1978, assuming responsibility for ARCO's worldwide petroleum exploration and production activities and minerals exploration and production activities in 1984, and culminating with his election as Vice Chairman of ARCO in 1985. Mr. Cox serves as a

director of Bonneville Pacific Corporation, an independent power company; Daniel Industries, Inc., which manufactures oil and gas measurement and flow control equipment; Rio Grande, Inc., a petroleum exploration and production company; and CH2M Hill, a consulting engineering firm. He also serves as an Independent Trustee for The Fidelity Group of funds.

John E. Drury..... Mr. Drury has served as a director and Chief Executive Officer of WMI since the consummation of the Merger. Until the consummation of the Merger, he served as Chairman of the Board of USA Waste from June 30, 1995, and Chief Executive Officer and a director from May 27, 1994. From 1991 to May 1994, Mr. Drury served as a Managing Director of Sanders Morris Mundy Inc., a Houston-based investment banking firm. Prior thereto, Mr. Drury served in various management capacities at BFI, including President and Chief Operating Officer of BFI from 1982 to 1991.

Richard J. Heckmann..... Mr. Heckmann has been a director of WMI since the consummation of the Merger. Mr. Heckmann was a director of USA Waste from 1994 until the consummation of the Merger. Mr. Heckmann is Chairman, President and Chief Executive Officer of United States Filter Corporation ("U.S. Filter"), a position he assumed in July 1990. Prior to joining U.S. Filter, Mr. Heckmann was a Senior Vice President--Investments and Branch Manager of Prudential-Bache Securities in Rancho Mirage, California. Mr. Heckmann is also a director of K2 Inc. and United Rentals, Inc.

Roderick M. Hills..... Mr. Hills has been a director of WMI since the consummation of the Merger. Mr. Hills was a director of Old WMI from November 1997 until the consummation of the Merger. He served as President of Hills Enterprises, Ltd. (formerly The Manchester Group Ltd.), a consulting firm, since 1987 and as a Partner in Hills & Hills, a law firm, since 1994. Mr. Hills has also served as Vice Chairman of Oak Industries, Inc., a manufacturing firm, since 1989. Mr. Hills served from September to November 1996 as Chairman of Federal-Mogul Corporation ("Federal-Mogul"), an automotive parts manufacturing firm. Mr. Hills served as Chairman of the SEC from 1975 to 1977 and as counsel to the President of the United States in 1975. Mr. Hills is also a director of Federal-Mogul and Oak Industries, Inc.

Richard D. Kinder..... Mr. Kinder has been a director of WMI since the consummation of the Merger. Mr. Kinder was a director of USA Waste from 1997 until the consummation of the Merger. He has been Chairman and Chief Executive Officer of Kinder Morgan Energy Partners, L.P., a master limited partnership headquartered in Houston, Texas since February 1997. From 1990 through December 1996, he was President and Chief Operating Officer of Enron Corp. Prior thereto, Mr. Kinder served in various management and legal positions with Enron Corp. and its affiliates commencing in 1980. Mr. Kinder is also a director of Baker Hughes Incorporated, KN Energy, Inc. and Transocean Offshore Inc. He is past Chairman of the Interstate Natural Gas Association of America and is a Trustee of the Museum of Fine Arts, Houston.

Robert S. Miller.....
c/o WMI
1001Fannin
Suite 4000
Houston, Texas 77002

Mr. Miller was elected to a 12-month term as non-executive Chairman of the Board of WMI upon the consummation of the Merger. Mr. Miller was a director of Old WMI from May 1997 until the consummation of the Merger. He was elected Chairman of the Board and named Acting Chief Executive Officer of Old WMI in October 1997. On March 10, 1998, Mr. Miller was named Chief Executive Officer of Old WMI and served in that capacity until the consummation of the Merger. Mr. Miller is also serving as Vice Chairman of Morrison Knudsen Corporation, an engineering and construction firm. He served as Chief Executive Officer of Federal Mogul from September until November 1996 and as Chairman of Morrison Knudsen Corporation from April 1995 until September 1996. In addition, since 1993 he has served as Vice President and Treasurer of Moore Mill and Lumber, a privately-held forest products firm, and from 1992 to 1993, he served as Senior Partner of James D. Wolfensohn, Inc., an investment banking firm. From 1979 to 1992, Mr. Miller worked at Chrysler Corporation ("Chrysler"), an automobile and truck manufacturing firm, rising to become Vice Chairman of the Board after serving as the company's Chief Financial Officer. Mr. Miller is a director of the Company, Federal Mogul, Morrison Knudsen Corporation, Pope & Talbot, Inc. and Symantec Corporation.

Paul M. Montrone.....
Fisher Scientific International Inc.
Liberty Lane
Hampton, New Hampshire 03842

Mr. Montrone has been a director of WMI since the consummation of the Merger. Mr. Montrone was a director of Old WMI from January 1997 until the consummation of the Merger. Mr. Montrone has been Chairman of the Board since January 1998 and President, Chief Executive Officer and a director since December 1991, of Fisher Scientific International Inc., a distributor of laboratory equipment and supplies. Since May 1995, Mr. Montrone has served as Chairman of the General Chemical Group, Inc., a manufacturer and distributor of chemicals ("General Chemical") and from prior to 1992 to May 1995 as President and a director of General Chemical. He also served as Vice Chairman of the Board of Abex, Inc., a designer and manufacturer of engineered components for aerospace, defense, industrial and commercial markets, or its predecessors, from 1992 to 1995. Mr. Montrone was a director of WTI or a predecessor thereof from 1989 until January 1997.

John C. Pope.....
c/o WMI
1001Fannin
Suite 4000
Houston, Texas 77002

Mr. Pope has been a director of WMI since the consummation of the Merger. Mr. Pope was a director of Old WMI from November 1997 until the consummation of the Merger. Since January 1996, he has been Chairman of the Board of MotivePower Industries, Inc., a manufacturer and remanufacturer of locomotives and locomotive components. Mr. Pope served as President and Chief Operating Officer of United Airlines and its parent corporation UAL Corporation, from April 1992 to July 1994. Prior thereto he served as Vice Chairman of both companies beginning in November 1990, and as Executive Vice President, Marketing and Finance beginning in October 1990, as Executive Vice President, Marketing and Planning from May 1989 to September 1990 and as Chief Financial Officer beginning in January 1988. Mr. Pope is also a director of Federal Mogul, Wallace Computer Services, Inc., Medaphis Corporation, MotivePower Industries, Inc., Lamalie Associates, Inc. and Dollar Thrifty Automotive Group, Inc.

Rodney R. Proto..... Mr. Proto has been a director, President and Chief Operating Officer of WMI since the consummation of the Merger. Mr. Proto was President, Chief Operating Officer and a director of USA Waste since joining USA Waste in August 1996 until the consummation of the Merger. From February 1992 to August 1996, he was President, Chief Operating Officer and a director of Sanifill. Before joining Sanifill, Mr. Proto was employed by BFI for 12 years where he served, among other positions, as President of Browning-Ferris Industries Europe, Inc. from 1987 through 1991 and Chairman of Browning-Ferris Industries Overseas from 1985 to 1987.

Steven G. Rothmeier..... Mr. Rothmeier has been a director of WMI since the consummation of the Merger. Mr. Rothmeier was a director of Old WMI from March 1997 until the consummation of the Merger. He has been Chairman and Chief Executive Officer of Great Northern Capital, a private investment management, consulting and merchant banking firm since March 1993. From November 1989 until March 1993, he was President of IAI Capital Group, a venture capital and merchant banking firm. For more than ten years prior thereto, he served Northwest Airlines, Inc. or its parent corporation, NWA, Inc., in various executive capacities, including Chairman and Chief Executive Officer from 1986 to 1989. Mr. Rothmeier is also a director of Honeywell, Inc., Department 56, Inc., EW Blanch Holdings, Inc. and Precision Castparts Corp.

Ralph V. Whitworth..... Mr. Whitworth has been a director of WMI since the consummation of the Merger. Mr. Whitworth is a principal and managing member of Relational Investors LLC, a private investment company. He is also a partner in Batchelder & Partners, Inc., a financial advisory and investment-banking firm based in La Jolla, California. From 1988 until 1996, Mr. Whitworth was president of Whitworth and Associates, a corporate advisory firm. Mr. Whitworth has served as Chairman of the Board of Directors of Apria Healthcare Group Inc. since April 28, 1998 and as a director of Apria Healthcare Group Inc. since January 1998 and is a director of CD Radio, Inc. and Wilshire Technologies, Inc.

Jerome B. York..... Mr. York has been a director of WMI since the consummation of the Merger. Mr. York served as a director of USA Waste from 1997 until the consummation of the Merger. He has been Vice Chairman of Tracinda Corporation since September 1995. From 1993 to 1995, he was Senior Vice President and Chief Financial Officer of IBM Corporation and was elected to the Board of Directors of IBM in January 1995. From 1979 to 1993, Mr. York served in various management positions with Chrysler, including Executive Vice President--Finance and Chief Financial Officer, and he was a director of Chrysler in 1992 and 1993. Mr. York also serves as a director of MGM Grand, Inc., Metro-Goldwyn-Mayer, Inc. and Apple Computer, Inc.

EXECUTIVE OFFICERS OF WMI

Set forth below are the name and business address, if different than WMI's address, of each executive officer of WMI who is not also a director of WMI and: (i) the present principal occupation or employment of each such person and the name, principal business and address of the corporation or other organization in which such occupation or employment of each such person is conducted and (ii) the material occupations, positions, offices

and employment and the name, principal business and address of any corporation or other organization in which such occupation, position, office or employment of each such person was held during the last five years. Unless otherwise indicated, each person listed below is a citizen of the United States.

NAME AND ADDRESS

PRINCIPAL OCCUPATIONS

Earl E. DeFrates.....	Mr. DeFrates has been the Executive Vice President and Chief Financial Officer of WMI since the consummation of the Merger. Mr. DeFrates served as Executive Vice President and Chief Financial Officer of USA Waste from May 1994 until the consummation of the Merger. From October 1990 to April 1995, he was also Secretary of USA Waste. Mr. DeFrates joined USA Waste as Vice-President--Finance in October 1990 and was elected Executive Vice President in May 1994. Prior thereto, Mr. DeFrates was employed by Acadiana Energy Inc. (formerly Tatham Oil & Gas, Inc.) serving in various officer capacities including the company's Chief Financial Officer, since 1980.
Donald R. Chappel.....	Mr. Chappel has been Senior Vice President, Operations/ Administration of WMI since the consummation of the Merger. Until the consummation of the Merger, Mr. Chappel was Acting Chief Financial Officer of Old WMI from October 1997, and its Vice President-Financial Services from November 1996 and Vice President and Controller (North American operations) from August 1995. From 1991 to July 1995, Mr. Chappel was Vice President and Controller-West and Mountain Areas of WMNA, and from July to August 1995 Vice President and Controller of CWM. Prior thereto he had served as Vice President and Controller-WMI Urban Services, Inc., beginning in June 1987 when he joined Old WMI.
Susan J. Piller.....	Ms. Piller has been Senior Vice President-Employee Relations of WMI since the consummation of the Merger. Ms. Piller was Senior Vice President-Employee Relations of USA Waste from May 1996 until the consummation of the Merger. Prior to joining USA Waste, Ms. Piller was at BFI from 1984 until 1996, where she held various labor and employment positions, including Vice President-Employee Relations. Prior thereto, Ms. Piller was employed by the Houston law firm of Fulbright & Jaworski.
William A. Rothrock IV....	Mr. Rothrock has been Senior Vice President-Business Development of WMI since the consummation of the Merger. Mr. Rothrock was Senior Vice President-Business Development of USA Waste from August 1996 until the consummation of the Merger. Mr. Rothrock held similar business development positions with Sanifill from 1990 to 1996 and BFI from 1985 to 1990.
Gregory T. Sangalis.....	Mr. Sangalis has been Senior Vice President, General Counsel and Secretary of WMI since the consummation of the Merger. Mr. Sangalis was Vice President, General Counsel and Secretary of USA Waste from April 4, 1995 until the consummation of the Merger. Prior to joining USA Waste, Mr. Sangalis was employed by a solid waste subsidiary of Old WMI serving in various legal capacities since 1986 and including Group Vice President and General Counsel from August 1992 to April 1995. Prior to joining Old WMI, he was General Counsel of Peavey Company and had been engaged in the private practice of law in Minnesota.

Robert P. Damico..... Mr. Damico has been Senior Vice President-Midwest Area of WMI since the consummation of the Merger. Mr. Damico was Region Vice President--Mountain Region of Old WMI from January 1998 until the consummation of the Merger. Mr. Damico served as Group President--Mountain Group of Old WMI from 1993 to 1997.

Miller J. Mathews, Jr..... Mr. Mathews has been Senior Vice President-Southern Area of WMI since the consummation of the Merger. Mr. Mathews served as the Southern Region Vice President for USA Waste from August 1995 until the consummation of the Merger. Mr. Mathews assumed the position with USA Waste after USA Waste acquired Sunray Services, Inc. in August 1995, a company which Mr. Mathews formed.

Douglas G. Sobey..... Mr. Sobey has been Senior Vice President-Western Area of WMI since the consummation of the Merger. Mr. Sobey served as Regional Vice-President for USA Waste from March 1990 until the consummation of the Merger.

David Sutherland-Yoest..... Mr. Sutherland-Yoest has been Senior Vice President-Atlantic Area of WMI since the consummation of the Merger. Mr. Sutherland-Yoest was Vice Chairman of the Board and Vice President--Atlantic Region and President of Canadian Waste Services, Inc. from August 1996 until the consummation of the Merger. He was President, Chief Operating Officer and a director of USA Waste from May 1994 until August 1996. Prior to joining USA Waste, he was President, Chief Executive Officer and a director of Envirofil, Inc. ("Envirofil"). He joined Envirofil in January 1993 and was elected a director in March 1993. From September 1989 to June 1992, Mr. Sutherland-Yoest served as President of Browning-Ferris Industries, Ltd. ("BFI Ltd."), the Canadian subsidiary of BFI. From January through September 1989, Mr. Sutherland-Yoest served as Vice President, Corporate Development, for Laidlaw Waste Systems, Inc. ("Laidlaw"). From 1987 to September 1989, Mr. Sutherland-Yoest was Laidlaw's Regional Vice-President--Atlantic Region, located in Columbus, Ohio. From 1981 to 1987, Mr. Sutherland-Yoest served as District Manager--Vancouver and District Manager--Calgary for BFI Ltd.

Charles A. Wilcox..... Mr. Wilcox has been Senior Vice President-Eastern Area of WMI since the consummation of the Merger. Mr. Wilcox joined USA Waste in December 1994 and served as Central Region Vice President immediately prior to the consummation of the Merger. Prior to joining USA Waste, Mr. Wilcox was employed with BFI from 1981 to 1994. He held various positions with BFI including Managing Director of B.F.S.A. in Riyadh, Saudi Arabia (October 1984 to December 1987) and Regional Vice President--Pacific Region (October 1988 to June 1993). Other assignments with BFI included President--Special Services, Corporate; and Division Vice President--Northern Florida.

Ronald H. Jones..... Mr. Jones has been Vice President and Treasurer of WMI since the consummation of the Merger. Mr. Jones was Vice President and Treasurer of USA Waste from the time he joined USA Waste in June 1995 until the consummation of the Merger. Prior to joining USA Waste, Mr. Jones was employed by Chambers Development Company, Inc. ("Chambers") as Vice President and Treasurer from July 1992 to June

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

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

SCHEDULE C

DIRECTORS AND OFFICERS OF THE COMPANY

DIRECTORS OF THE COMPANY

Set forth below are the name, business address and business background of each person who is a director of the Company.

NAME AND ADDRESS	PRINCIPAL OCCUPATIONS
Sir William Barlow..... 4 Parkside Henley-on- Thames Oxfordshire RG9 1TX England	Sir William Barlow has been a director of the Company since March 1992 and is a former Chairman of BICC plc (which includes Balfour Beatty Limited). He is a former Chairman of the British Post Office (which during his tenure included British Telecom), and of Thorn EMI Engineering Group. Sir William Barlow is a citizen of the United Kingdom.
Peter B. Dessing..... Waste Management International plc 3 Shortlands Hammersmith International Centre London W6 8RX England	Mr. Dessing has been a director of the Company since March 1997. Mr. Dessing is the director principally charged by the Board of Directors with overseeing the finance and accounting operations of the Company. From 1990 to March 1997, he was the manager of the Company's operations in the Netherlands. Mr. Dessing is also a director of R. Frazier Group Limited. He is a non-resident citizen of the United States and currently resides in the United Kingdom.
Jan Ekman..... Svenska Handelsbanken Grevgrand 2 S-106 70 Stockholm Sweden	Mr. Ekman has been a director of the Company since March 1992 and has been Vice Chairman of Svenska Handelsbanken (a major Swedish banking institution) since 1985. Mr. Ekman is Chairman of WMI Sellbergs AB and Svensk Avfallskonverting AB, each a subsidiary of the Company, and also a director of Catella AB, NCC AB, PLM AB and Ingka Holdings B.V. Amsterdam. He is also a member of the Banking Advisory Group of the International Finance Corporation, Washington, D.C. He is a citizen of Sweden.
Edwin G. Falkman..... Waste Management International plc 3 Shortlands Hammersmith International Centre London W6 8RX England	Mr. Falkman has been a director of the Company since February 1992 and the Company's Chairman since July 1995. From June 1992 to July 1995 he served as the Chief Executive of the Company. He was employed by Old WMI from 1977 to February 1992, working exclusively on its international operations, and was a Vice President of Old WMI from January 1990 to February 1992 and President of WMII from June 1989 until August 1991. Mr. Falkman is the Chairman of the Environment Commission of the International Chamber of Commerce and a member of the Executive Committee of the World Business Council for Sustainable Development. He is also a director of Wessex Water plc. He is a non-resident citizen of the United States and has resided in the United Kingdom since 1978.
Donald F. Flynn..... Flynn Enterprises Inc. 676 North Michigan Avenue Suite 4000 Chicago, Illinois 60611 U.S.A.	Mr. Flynn has been a director of the Company since March 1992. Mr. Flynn served as a director of Old WMI from 1981 until the consummation of the Merger. He served as Chairman of the Board and President of Flynn Enterprises, Inc., a financial advisory and venture capital firm, since February 1988. He also served as Chairman of the Board, from July 1992 to February 1996 and Chief Executive Officer from July 1992 to May 1995, of Discovery Zone, Inc., a franchiser and operator of

indoor entertainment and fitness facilities designed for children. Mr. Flynn was a Senior Vice President of Old WMI from May 1975 to January 1991. From January 1, 1991 to December 31, 1994, Mr. Flynn served as a consultant to Old WMI. Mr. Flynn also serves as a director of Psychomedics Corporation and Extended Stay America, Inc. He is a citizen of the United States.

Bo Gabrielson..... Mr. Gabrielson was elected to the Board of Directors in January 1997 and has been Chief Executive of the Company since March 1997. The Chief Executive is the director principally charged by the Board of Directors with overseeing the executive operations of the Company. He served as Vice President-Group Financial Director of Waste Management International Services Limited ("WM Services") between July 1995 and January 1997. From February 1992 to July 1995, he served as Vice President-Legal Affairs of WM Services. Previously, Mr. Gabrielson was employed for nine years by PLM AB (Sweden) in various legal and financial positions, most recently as Executive Vice President of Finance and Administration. He is a non-resident citizen of Sweden and has resided in the United Kingdom since 1992.

Waste Management
International plc 3
Shortlands Hammersmith
International Centre
London W6 8RX England

Joseph M. Holsten..... Mr. Holsten has been a director of the Company since July 1995. He served as the Company's Chief Executive between July 1995 and March 1997. Mr. Holsten was elected Executive Vice President and Chief Operating Officer of Old WMI in February 1997. Since joining Old WMI in 1981, Mr. Holsten has held a number of positions within the Group including from October 1993 to July 1995 serving as Executive Vice President and Chief Financial Officer of Old WMI, from September to October 1993 as Vice President, Chief Financial Officer and Treasurer of Rust, and from April 1992 to August 1993 as Vice President of Acquisitions and Project Development for the Company. He is a citizen of the United States.

Waste Management, Inc.
3003 Butterfield Road Oak
Brook, Illinois
60523-1100 U.S.A.

Robert S. Miller..... Mr. Miller has been a director of the Company since January 1988. Mr. Miller has been a director of WMI since the consummation of the Merger. Mr. Miller was a director of Old WMI from May 1997 and was Chairman of the Board and Chief Executive Officer from October 1997 until the consummation of the Merger. He has been Vice Chairman of Morrison Knudsen Corporation since September 1996 and served as Chief Executive Officer of Federal Mogul from September until November 1996. Since 1993 Mr. Miller has served as Vice President and Treasurer of Moor Mill and Lumber and from 1992 to 1993 he was Senior Partner at James D. Wolfensohn, Inc. Between 1979 and 1992 Mr. Miller was employed at Chrysler. Mr. Miller is a director of the Coleman Company, Inc., Federal Mogul, Pope and Talbot, Inc. and Symantec Corporation. He is a citizen of the United States.

1001 Fannin Suite 4000
Houston, Texas 77002
U.S.A.

Giorgio Porta..... Mr. Porta has been a director of the Company since March 1992 and is the Chief Councilor for Privatization and Development for the Municipality of Milan, Italy. Mr. Porta was the International Affairs Director of ENI S.p.A., the Italian state-owned petroleum and chemicals group from 1993 to 1997. He was Chairman of Enichem S.p.A. (a specialty chemical business) from 1990 until 1993. From 1988 to 1990

Comune di Milano Piazza
Scala 3 20122 Milan Italy

he served as Vice Chairman of Ferruzzi Agricola Finanziaria. He is Chairman of the Environment Working Group of UNICE (the Union of Industrial Employers Confederations of Europe), and Chairman of the Environment Working Group of Confindustria (The Industrial Employers Federation of Italy). He is also a member of the Environment Consultative Forum of the European Commission. He is a citizen of Italy.

<p>Dr. Manfred Scholz..... Haindl Papier GmbH Georg- Haindl--Strasse 5 86153 Augsburg Germany</p>	<p>Dr. Scholz has served as a director of the Company since April 1993 and is Executive Director of Haindl Papier GmbH (a paper manufacturing company). He is also the President of the Bavarian Industry Federation and a member of the supervisory boards of Gothaer Versicherungsbank, G.A. Pfeleiderer Unternehmensverwaltung, Heilit & Woerner Bau-AG, Bayerische Handelsbank and SG Holding AG. He is a citizen of Germany.</p>
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EXECUTIVE OFFICERS OF THE COMPANY

The Company has no officers; however, certain technical, administrative, clerical and support services of the Company and the various country holding companies and operating subsidiaries of the Company are performed by WM Services, an English subsidiary of the Company. Its staff, which are located primarily in London, and the key staff members of the Company's other subsidiaries, including country-level holding companies and operating companies, implement the policies of the Company Board and manage various aspects of the Company's business. The senior management of WM Services includes the following individuals:

NAME AND ADDRESS	PRINCIPAL OCCUPATIONS
<p>Stephen P. Stanczak..... 3 Shortlands Hammersmith International Centre London W6 8RX England</p>	<p>Mr. Stanczak has been Vice President-Legal Affairs since July 1995 and Company Secretary of the Company since October 1995. From January 1992 to July 1995 he was Staff Vice President and Associate General Counsel of WTI and from May 1993 to July 1995 he served as Corporate Secretary of WTI. He served as Vice President, Corporate Secretary and Associate General Counsel of Rust from May 1994 to July 1995. Mr. Stanczak is a non-resident citizen of the United States and currently resides in the United Kingdom.</p>
<p>John S. Quinn..... 3 Shortlands Hammersmith International Centre London W6 8RX England</p>	<p>Mr. Quinn has been Vice President and Corporate Controller since July 1997. From March 1996 until June 1997 he was Division President for Old WMI's operations in Alberta and British Columbia, Canada. From February 1992 to February 1996 he was Vice President and Controller--Western Canada for Old WMI and prior to that he held a number of controllership functions throughout Canada with Old WMI during the period from August 1987. Mr. Quinn is a non-resident citizen of Canada and currently resides in the United Kingdom.</p>

KPMG Corporate Finance
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Sir William Barlow, Messrs Jan Ekman and
Giorgio Porta and Dr Manfred Scholz
(together "Independent Directors")
Waste Management Plc ("plc" or "Company")
3 Shortlands
Hammersmith International Centre
London
W6 8RX

29 June 1998

Dear Sirs

PROJECT PHOENIX

You, the Independent Directors, have requested our opinion as to the fairness from a financial point of view to the holders (other than Waste Management Inc. ("Inc") and its subsidiaries) (the "Minority Shareholders") of the outstanding ordinary shares, par value 10 pence per share (the "Minority Shares") of plc, of the 345 pence per Minority Share in cash consideration proposed to be paid to the Minority Shareholders by Inc (the "Proposal"), details of which are set out in the attached draft news release. As of today's date, Inc is the holder of approximately 80% of plc ordinary shares.

KPMG Corporate Finance, as part of its investment banking and corporate finance advisory business, is engaged in the valuation of businesses and their securities in connection with, inter alia, mergers and acquisitions, disposals, private placements and valuations. We are acting as financial adviser to the Independent Directors in connection with, and have participated in certain of the negotiations leading to, the Proposal.

In connection with this opinion, we have:

- . reviewed the financial terms and conditions of the Proposal;
- . reviewed certain historical business and financial information relating to the Company;
- . reviewed certain internal financial analyses and forecasts for the Company prepared by its management;
- . held discussions with members of the senior management of the Company regarding its past and current business operations, financial condition and future prospects;
- . reviewed the reported price and trading activity for the ordinary shares;
- . visited certain of the facilities of the Company;
- . compared certain financial and stock market information for the Company with similar information for certain other companies the shares of which are publicly traded;
- . reviewed the financial terms of certain business combinations in the waste industry specifically and in other industries generally; and
- . performed such other studies and analysis as we considered appropriate.

In light of Inc's position as the majority shareholder in the Company and the absence of any indication that Inc would support either a sale of the Company or other alternatives to the Proposal involving a third party, an active

solicitation of third party interest in a transaction involving the Company is not practicable and therefore has not been pursued.

We have relied upon the accuracy and completeness of all the financial information and other information reviewed by us and have assumed such accuracy and completeness for the purposes of rendering this opinion. We have not performed any independent verification of this information. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities of the Company and we have not been furnished with any such evaluation or appraisal. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Independent Directors in connection with their consideration of the transaction contemplated by the Proposal and such opinion does not constitute a recommendation as to how any holder of ordinary shares should vote or act with respect to such transaction.

In rendering our opinion, we have assumed that the Proposal will be consummated on the terms stated in the draft news release attached, without any waiver of any material terms or conditions by the Company and that obtaining any necessary regulatory or third party approvals will not have an adverse effect on the Company.

KPMG Corporate Finance is acting as financial adviser to the Independent Directors in connection with the Proposal and will receive a fee for its services, a portion of which is contingent upon consummation of the Proposal.

Based on and subject to the foregoing:

- . we are of the opinion that the consideration is fair to the Minority Shareholders from a financial point of view; and
- . we consider the terms of the Proposal to be fair and reasonable so far as the Minority Shareholders are concerned.

Yours faithfully

KPMG Corporate Finance

SCHEDULE E

Investment
Banking

Corporate and
Institutional
Client Group

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LOGO

June 29, 1998

Board of Directors
Waste Management, Inc.
3003 Butterfield Road
Oak Brook, Illinois 60521

Members of the Board of Directors:

Waste Management, Inc. (the "Acquiror"), Waste Management International, Inc. ("WMII"), a wholly owned subsidiary of the Acquiror, and Waste Management International, plc ("WME") have reached an agreement on the terms of a proposal pursuant to which the Acquiror, through WMII, would acquire the approximately 20% of the WME ordinary shares not already directly or indirectly owned by the Acquiror or its affiliates (the "Shares") for (Pounds)3.45 per ordinary Share net to the seller in cash (the "Consideration"). Each depositary Share represented by American Depositary Receipts ("ADR"), the equivalent of 2 ordinary Shares, would be valued at \$11.50 per ADR based on the exchange rate US\$1.6662:UK(Pounds)1 as of June 29, 1998, it being understood that because the Shares are priced in Pounds Sterling the U.S. Dollar value of each ADR will fluctuate with the U.S. Dollar--Pounds Sterling exchange rate. The proposal will be implemented by means of a Scheme of Arrangement under Section 425 of the English Companies Act 1985 (the "Transaction").

You have asked us whether, in our opinion, the Consideration to be paid by the Acquiror pursuant to the Transaction is fair from a financial point of view to the Acquiror.

In arriving at the opinion set forth below, we have, among other things:

- (1) Reviewed certain publicly available business and financial information relating to the WME and the Acquiror that we deemed to be relevant;
- (2) Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of WME, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the Transaction (the "Expected Cost Savings") furnished to us by the WME and the Acquiror, respectively;
- (3) Conducted discussions with members of senior management of WME and the Acquiror concerning the matters described in clauses 1 and 2 above, as well as their respective businesses and prospects before and after giving effect to the Transaction and the Expected Cost Savings;
- (4) Reviewed the market prices and valuation multiples for the Shares and compared them with those of certain publicly traded companies that we deemed to be relevant;
- (5) Reviewed the results of operations of WME and compared them with those of certain publicly traded companies that we deemed to be relevant;
- (6) Compared the proposed financial terms of the Transaction with the financial terms of certain other transactions which we deemed to be relevant;

- (7) Participated in discussions and negotiations among representatives of the Acquiror and WME and their financial and legal advisors;
- (8) Reviewed the potential pro forma impact of the Transaction on the Acquiror;
- (9) Reviewed the U.S. and U.K. joint press releases, dated June 29, 1998, describing the terms of the Transaction (the "Press Releases"); and
- (10) Reviewed such other financial studies and analyses and took into account such other matters as we deemed necessary, including our assessment of general economic, market and monetary conditions.

In preparing our opinion, we have assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to us, discussed with or reviewed by or for us, or publicly available, and we have not assumed any responsibility for independently verifying such information or undertaken an independent evaluation or appraisal of any of the assets or liabilities of WME. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of the WME. With respect to the financial forecast information and the Expected Cost Savings furnished to or discussed with us by WME or the Acquiror, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgment of WME's or the Acquiror's management as to the expected future financial performance of WME or the Acquiror, as the case may be, and the Expected Cost Savings. We have also assumed that the final form of the Press Releases will be substantially similar to the last draft reviewed by us.

Our opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and on the information made available to us as of, the date hereof. Without limiting the foregoing, our opinion does not address the potential effects of fluctuations in the U.S. Dollar--Pounds Sterling exchange rate after the date hereof. We have assumed that in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the Transaction, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that will have a material adverse effect on the contemplated benefits of the Transaction.

We are acting as financial advisor to the Acquiror in connection with the Transaction and will receive a fee from the Acquiror for our services, a significant portion of which is contingent upon the consummation of the Transaction. In addition, the Acquiror has agreed to indemnify us for certain liabilities arising out of our engagement. We are currently advising the Acquiror in connection with its merger with USA Waste Services, Inc., we are an appointed financial advisor to WME and have, in the past, provided financial advisory and financing services to the Acquiror and/or its affiliates, including WME, and may continue to do so and have received, and may receive, fees for the rendering of such services. In addition, in the ordinary course of our business, we may actively trade the Shares and other securities of WME, as well as securities of the Acquiror for our own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

This opinion is for the use and benefit of the Board of Directors of the Acquiror. Our opinion does not address the merits of the underlying decision by the Acquiror to engage in the Transaction and does not constitute a recommendation to any shareholder of WME as to how such shareholder should vote on the proposed Transaction or any matter related thereto.

On the basis of and subject to the foregoing, we are of the opinion that, as of the date hereof, the Consideration to be paid by the Acquiror pursuant to the Transaction is fair from a financial point of view to the Acquiror.

Very truly yours,

Merrill Lynch, Pierce, Fenner &
Smith Incorporated

Exhibit 17(b)(5)

[Arthur Andersen Logo]

The Board of Directors
Waste Management International plc

As independent public accountants, we hereby consent to the incorporation by reference in this Transaction Statement on Schedule 13E-3 of our report dated March 3, 1998 included in the Annual Report of Waste Management International plc ("the Company") on Form 20-F for the fiscal year ended December 31, 1997. It should be noted that we have not audited any financial statements of the Company and its subsidiaries subsequent to December 31, 1997 or performed any audit procedures subsequent to the date of our report.

/s/ Arthur Andersen

Arthur Andersen
Independent Public Accountants

London, England
August 28, 1998

WASTE MANAGEMENT INTERNATIONAL plc,

CITIBANK, N.A.,
As Depositary,

AND

HOLDERS OF AMERICAN DEPOSITARY RECEIPTS

Deposit Agreement

Dated as of April 1, 1992

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of April 1, 1992 among WASTE MANAGEMENT INTERNATIONAL plc, a company incorporated under the laws of England and Wales (the "Company"), CITIBANK, N.A., a national banking association organized under the laws of the United States of America (the "Depositary"), and all Holders from time to time of American Depositary Receipts issued hereunder.

W I T N E S S E T H :

WHEREAS, the parties hereto desire to provide arrangements for the deposit of Shares as hereinafter defined of the Company, from time to time with the Depositary or with the Custodian (as hereinafter defined), which at the date hereof is Citibank (London), as agent of the Depositary for the purposes set forth in this Deposit Agreement, for the creation of American Depositary Shares representing the Shares so deposited and for the execution and delivery of American Depositary Receipts in respect of the American Depositary Shares,

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.01. American Depositary Shares. The term "American Depositary Shares" shall mean the rights represented by the Receipts issued hereunder and the interests in the Deposited Securities represented thereby. Each one (1) American Depositary Share shall represent two (2) Shares, until there shall occur a distribution upon Deposited Securities covered by Section 4.04 or a change in Deposited Securities covered by Section 4.09 with respect to which additional Receipts are not executed and delivered, and thereafter American Depositary Shares shall represent the Shares or Deposited Securities specified in such Sections.

SECTION 1.02. Articles of Association. The term "Articles of Association" means the Articles of Association of the Company.

SECTION 1.03. Commission. The term "Commission" shall mean the Securities and Exchange Commission of the United

States or any successor governmental agency in the United States.

SECTION 1.04. Company. The term "Company" shall mean WASTE MANAGEMENT INTERNATIONAL plc, a company incorporated and existing under the laws of England and Wales, having its registered office at Windsor House, 55-56 St. James Street, London SW1A1LA, England, and its successors.

SECTION 1.05. Custodian; Custodians. The term "Custodian" shall mean, as of the date hereof, Citibank (London), having its principal office at 11 Old Jewry, London EC2R8DJ, England, as Custodian and agent of the Depository for the purposes of this Deposit Agreement, and any other firm or corporation which may be appointed by the Depository pursuant to the terms of Section 5.05 as a substitute or an additional or custodians hereunder, as the context shall require, and the term "Custodian" shall mean all of them, collectively.

SECTION 1.06. Deposit Agreement. The term "Deposit Agreement" shall mean this instrument as it may from time to time be amended in accordance with the terms hereof and all instruments supplemental hereto.

SECTION 1.07. Depository. The term "Depository" shall mean Citibank, N.A., a national banking association

incorporated under the laws of the United States of America, and any successor as depositary hereunder.

SECTION 1.08. Deposited Securities. The term "Deposited Securities" as of any time shall mean shares at such time deposited under this Deposit Agreement and any and all other securities, property and cash received by the Depositary or the Custodian in respect thereof and at such time held hereunder, subject in the case of cash to the provisions of Section 4.06.

SECTION 1.09. Dollars; Pounds Sterling; Pence or "P". The term "dollars" shall mean United States dollars. The term "Pounds Sterling" shall mean pounds sterling of England and Wales and the term "pence" or "P" shall mean pence of England and Wales.

SECTION 1.10. Holder. The term "Holder" shall mean the person in whose name a Receipt is registered on the books of the Depositary or the Registrar, if any, maintained for such purpose.

SECTION 1.11. Principal Office. The term "Principal Office", when used with respect to the Depositary, shall mean the principal office of the Depositary at which at any particular time its corporate trust business shall be administered, which, at the date of this Deposit Agreement, is located at 111 Wall Street, 5th Floor, New York, New York 10043.

SECTION 1.12. Receipts. The term "Receipts" shall mean the American Depositary Receipts issued hereunder evidencing American Depositary Shares. A Receipt may evidence any number of American Depositary Shares.

SECTION 1.13. Registrar. The term "Registrar" shall mean the Depositary or, upon the request or with the approval of the Company, any bank or trust company having an office in the Borough of Manhattan, the City of New York, which shall be appointed by the Depositary to register Receipts and transfers of Receipts as herein provided, and shall include any co-registrar appointed by the Depositary, upon the request or with the approval of the Company, for such purposes.

SECTION 1.14. Restricted Securities. The term "Restricted Securities" shall mean Shares as defined below, or Receipts representing such Shares, which are acquired directly or indirectly from the Company or its affiliates (as defined in Rule 144 to the Securities Act of 1933) in a transaction or chain of transactions not involving any public offering or which are subject to resale limitations under Regulation D or Rule 144 under that Act or both, or which are held by an officer, director (or persons performing similar functions) or other affiliate of the Company, or which are subject to other restrictions on sale or deposit under the laws of the United States, England and

Wales, or under a shareholder agreement or Articles of Association of the Company.

SECTION 1.15. Securities Act of 1933. The term "Securities Act of 1933" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.16. Securities Exchange Act of 1934. The term "Securities Exchange Act of 1934" shall mean the United States Securities Exchange Act of 1934, as from time to time amended.

SECTION 1.17. Shares. The term "Shares" shall mean the Ordinary Shares of 10p. each in the capital of the Company, validly issued and outstanding, fully paid and shall include evidence of rights to receive Shares; provided that in no event shall Shares include evidence of rights to receive Shares with respect to which the full purchase price has not been paid.

SECTION 1.18. Share Registrar. The term "Share Registrar" shall mean Barclays Bank plc, a company incorporated in England under the Companies Act of 1862 of Great Britain, which acts as registrar for the Shares, when acting in such capacity, and any successor in such capacity.

SECTION 1.19. Stamp Tax. The term "Stamp Tax" shall mean, as the context may require, (a) any stamp duty reserve tax imposed by Part IV of the Finance Act of 1986 of England and

Wales (or any statutory modification or re-enactment thereof) in respect of any deposit of Shares in accordance with Section 2.02 of this Deposit Agreement, or (b) any stamp duty imposed by Part III of the Finance Act 1986 of England and Wales (or any statutory modification or re-enactment thereof) in respect of any deposit of Shares in accordance with Section 2.02 of the Deposit Agreement, or (c) both of them.

SECTION 1.20. U.K. Taxing Authority. The term "U.K. taxing authority" shall mean the Inland Revenue of the England and Wales.

ARTICLE II

FORM OF RECEIPTS, DEPOSIT OF SHARES,
EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF
RECEIPTS

SECTION 2.01. Form and Transferability of Receipts. Definitive Receipts shall be engraved or printed or lithographed on steel-engraved borders and shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided or may be required or permitted under the rules of the New York Stock Exchange. Receipts shall be issued in denominations of whole numbers of American Depositary Shares. Such Receipts shall be executed and dated by the Depositary by

the manual signature of a duly-authorized officer of the Depositary; provided, however, that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly-authorized officer of the Registrar and dated by such officer. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been executed by the Depositary by the manual signature of a duly-authorized officer or, if a Registrar shall have been appointed, by the manual signature of a duly-authorized officer of the Registrar, and such execution of any Receipt by manual signature shall be conclusive evidence, and the only evidence, that such Receipt has been duly executed and delivered hereunder. The Depositary shall maintain books in which each Receipt so executed and delivered as hereinafter provided and the transfer of each Receipt shall be registered. Receipts bearing the facsimile signature of a duly-authorized officer of the Depositary, who was at the time of signature a proper officer of the Depositary, shall bind the Depositary, notwithstanding the fact that such officer has ceased to hold such office prior to the execution of such Receipts by the Registrar and their delivery or such officer did not hold such office at the date of such Receipts.

The Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Deposit Agreement as may be necessary to enable the Depository to perform its obligations hereunder or as may be required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange or market upon which American Depository Shares may be traded or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

Title to a Receipt (and to each American Depository Share evidenced thereby), when properly endorsed or accompanied by proper instruments of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of the State of New York; provided, however, that the Depository, notwithstanding any notice to the contrary, may deem and treat the Holder thereof as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes.

SECTION 2.02. Deposit of Shares. Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares (except as otherwise contemplated by Section 5.12 hereof) may be deposited by any person (in the case of the Company, or any affiliate, subject to Section 5.07 hereof) including the Depositary in its individual capacity by delivery thereof to the Custodian, accompanied by any appropriate instrument or instruments of transfer or endorsement, in form satisfactory to such Custodian, together with (i) all such certifications and payments (including, without limitation, amounts in respect of any applicable stamp taxes) and evidence of such payments (including, without limitation, stamping or otherwise marking such Shares by way of receipt) as may be required by the Depositary or such Custodian in accordance with the provisions of this Deposit Agreement and (ii) if the Depositary requires, a written order directing the Depositary to execute and deliver to, or upon the written order of, the persons or persons stated in such order a Receipt or Receipts for the number of American Depositary Shares representing the Shares so deposited.

Except as otherwise contemplated by Section 5.12, no Shares shall be accepted for deposit and no Receipts shall be issued unless the Shares are accompanied by (a) payment of any

tax or duty of England and Wales, and (b) evidence satisfactory to the Depositary (which may be an opinion of counsel) that any necessary approval has been granted by, or there has been compliance with the rules and regulations of the governmental agency in England and Wales, if any, which is then performing the function of the regulation of currency exchange.

If required by the Depositary, Shares presented for deposit at any time, whether or not the transfer books of the Company or the Share Registrar are closed, shall also be accompanied by (1) an agreement or assignment, or other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property which any person in whose name the Shares are or have been recorded may thereafter receive upon or in respect of any such deposited Shares, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary and (2) if the Shares are registered in the name of the person on whose behalf they are presented for deposit, a proxy or proxies entitling the Custodian to vote such deposited Shares for any and all purposes until the Shares are so registered in the name of the Custodian or its nominee.

At the request and risk and expense of any holder of Shares, and for the account of such holder, the Depositary may receive Shares to be deposited, together with the other instruments herein specified for the purpose of forwarding such Shares to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited hereunder (or other Deposited Securities pursuant to Section 4.02, 4.03, 4.05 or 4.09), together with the other documents above specified, such Custodian shall advise the Depositary of such deposit, and the Custodian shall, as soon as practicable, present such certificate or certificates to the Company (or the appointed agent of the Company for registration of transfer, which agent may be the Share Registrar) for registration of transfer of the Shares or the Deposited Securities, as the case may be, being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary (on behalf of Holders) at such other place or places as the Depositary shall determine.

SECTION 2.03. Execution and Delivery of Receipts. Upon receipt by a Custodian of a deposit of Shares pursuant to

Section 2.02 hereunder and, in addition, if the register of the Company (or any agent of the Company for transfer and registration of Deposited Securities which may be the Share Registrar) are open, the Depositary may require a proper acknowledgment or other evidence from the Company or such agent, if any, satisfactory to the Depositary that any Deposited Securities have been recorded upon the register of the Company (or any agent of the Company for transfer and registration of such Deposited Securities) in the name of the Depositary or its nominee or such Custodian or its nominee, together with the other documents specified above, such Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order a Receipt or Receipts are deliverable in respect thereof and the number of American Depositary Shares to be evidenced thereby. Such notification shall be made by letter or, at the request and risk and expense of the person making the deposit, by cable, telex or facsimile transmission. Upon receiving such notice from such Custodian, or upon the receipt of Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver at its Principal Office to or upon the order of the person or persons named in the notice delivered to the Depositary, a Receipt or Receipts, registered in the name or names requested by such

person or persons and evidencing in the aggregate the number of American Depositary Shares to which such person or persons are entitled, but only upon payment to the Depositary of the fees of the Depositary for making a deposit and the issuance, execution and delivery of such Receipt or Receipts (as set forth on Exhibit B hereto) and of all taxes (including Stamp Tax) and governmental charges and fees payable in connection with such deposit and the transfer of the Deposited Securities.

SECTION 2.04. Transfer of Receipts; Combination and Split-up of Receipts. The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register transfers of Receipts on its transfer books, upon any surrender to the Principal Office of the Depositary of a Receipt by the Holder thereof in person or by duly-authorized attorney, properly endorsed or accompanied by proper instruments of transfer and duly stamped as may be required by applicable law and accompanied by funds sufficient to pay any applicable transfer taxes. Upon payment to the Depositary of the expenses set forth on Exhibit B hereto, the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto evidencing the same aggregate number of American Depositary Shares as those evidenced by the Receipts surrendered.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, representing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary may appoint one or more co-transfer agents for the purpose of effecting transfers, combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Holders or persons entitled thereto and will be entitled to protection and indemnity to the same extent as the Depositary. Such co-transfer agents may be removed and substitutes appointed by the Depositary upon the request or with the approval of the Company. Each co-transfer agent appointed under this Section 2.04 (other than Citibank, N.A.) shall give notice in writing to the Company and the Depositary accepting such appointment and agreeing to be bound by the applicable terms of this Deposit Agreement.

SECTION 2.05. Surrender of Receipts and Withdrawal of Deposited Securities. Upon surrender at the Principal Office of the Depositary of a Receipt for the purpose of withdrawal of the Deposited Securities represented thereby, and upon payment of (i) the fee of the Depositary for the making of withdrawals and cancellation of Receipts (as set forth on Exhibit B hereto) and (ii) all taxes and governmental charges payable in connection with such surrender and withdrawal, and subject to the terms and conditions of this Deposit Agreement, the Company's Articles of Association and the provisions of or governing the Deposited Securities and other applicable laws, the Holder of such Receipt shall be entitled to delivery, to him or upon his order, of the Deposited Securities at the time evidenced by such Receipt. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of such Holder or as ordered by him or by certificates properly endorsed or accompanied by proper instruments of transfer to such Holder or as ordered by him and (b) any other securities, property and cash to which such Holder is then entitled in respect of such Receipts to such Holder or as ordered by him. Such delivery shall be made, as hereinafter provided, without unreasonable delay and, at the option of the Holder, either at the office of the Custodian or at the Principal Office of the Depositary, provided that the

forwarding of certificates evidencing Shares or other Deposited Securities for such delivery shall be at the risk and expense of the Holder.

A Receipt surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Holder thereof shall execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon, the Depositary shall direct the Custodian to deliver at the designated office of the Custodian, subject to Sections 2.06, 3.01, 3.02, 3.04, 5.01 and 5.12 and to the other terms and conditions of this Deposit Agreement, the Articles of Association of the Company and to the provisions of or governing the Deposited Securities and other applicable laws, now or hereafter in effect, to or upon the written order of the person or persons designated in the order delivered to the Depositary if so required by the Depositary as provided above, the Deposited Securities represented by such Receipt together with any certificate or other proper documents of or relating to title for the Deposited Securities, except that the Depositary may make delivery to such person or persons

at the Principal Office of the Depositary of any dividends or distributions with respect to the Deposited Securities represented by such Receipt, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

At the request, risk and expense of any Holder so surrendering a Receipt, and for the account of such Holder, the Depositary shall direct the Custodian to forward any cash or other property (other than rights) held in respect of, and any certificate or certificates and other proper documents of or relating to title for, the Deposited Securities represented by such Receipt to the Depositary for delivery at the Principal Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

SECTION 2.06. Limitations on Execution and Delivery, Transfer, Etc. of Receipts; Suspension of Delivery, Transfer, Etc. As a condition precedent to the execution and delivery, registration, registration of transfer, split-up, combination or surrender of any Receipt, the delivery of any distribution thereon or withdrawal of any Deposited Securities, the Depositary or the Custodian may require (a) payment from the depositor of Shares or presenter of the Receipt of a sum sufficient to

reimburse it for any tax (including any Stamp Tax) or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided herein, or in Exhibit B to this Deposit Agreement, (b) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.01 hereof and (c) compliance with (i) any laws or governmental regulations relating to Receipts or to the withdrawal of Deposited Securities and (ii) such reasonable regulations, if any, as the Depository and the Company may establish consistent with the provisions of this Deposit Agreement, including, without limitation, Section 7.08 hereof.

The delivery of Receipts against deposits of Shares generally or against deposits of particular Shares may be suspended, or the delivery of Receipts against the deposit of particular Shares may be withheld, or the registration of transfer of Receipts in particular instances may be refused, the registration of transfer generally may be suspended, during any period when the register or transfer books of the Company, the Depository or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depository or the

Company, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the Receipts or Shares are listed, or under any provision of this Deposit Agreement or the provision of or governing Deposited Securities, or any meeting of shareholders of the Company or for any other reason, subject in all cases to Section 7.08 of this Deposit Agreement. Notwithstanding any provision of this Deposit Agreement or the Receipts to the contrary, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended or refused, except as permitted in General Instruction IA(1) to Form F-6 (as such instruction may be amended from time to time) under the Securities Act of 1933 in connection with (i) temporary delays relating to the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any Shares or other Deposited Securities (a) that are required to be registered under the provisions of the Securities Act of 1933, unless a registration statement is in

effect as to such Shares or other Deposited Securities, or (b) that would thereby infringe any provisions of the Articles of Association of the Company.

SECTION 2.07. Lost Receipts, Etc. In case any Receipt shall be mutilated, destroyed, lost, or stolen, the Depositary shall execute and deliver a new Receipt of like tenor, (a) in the case of a mutilated Receipt, in exchange and substitution for such mutilated Receipt upon cancellation thereof, or (b) in lieu of and in substitution for such destroyed, lost, or stolen Receipt, after the Holder thereof (i) has filed with the Depositary a written request for such exchange and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser, (ii) has provided a sufficient indemnity bond and (iii) has satisfied any other reasonable requirements imposed by the Depositary, including, without limitation, evidence satisfactory to the Depositary of such destruction, loss or theft of such Receipt, the authenticity thereof and the Holder's ownership thereof.

SECTION 2.08. Cancellation and Destruction of Surrendered Receipts. All Receipts surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy Receipts so cancelled.

ARTICLE III

CERTAIN OBLIGATIONS OF HOLDERS OF RECEIPTS

SECTION 3.01. Filing Proofs, Certificates and Other Information. Any person presenting Shares for deposit or any Holder may be required from time to time to file such proof of citizenship, taxpayer status, residence or exchange control approval, compliance with applicable laws and the terms of this Deposit Agreement or other information, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper or as the Company may require by written request to the Depositary consistent with its obligations hereunder. The Depositary may withhold the execution or delivery or registration of transfer of any Receipt or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, subject to Section 7.08, the delivery of any Deposited Securities until such proof or other Information is filed or such certificates are executed to the Depositary and the Company's satisfaction. The Depositary shall provide the Company, in a timely manner, with copies or originals if necessary and appropriate of (i) any such proofs of citizenship, taxpayer status, residence, or exchange control approval which it receives, and (ii) any other information or documents which the Company may reasonably request and which the

Depository shall request and receive from the Holder or any person presenting Shares for deposit.

SECTION 3.02. Liability of Holder for Taxes. If any tax or other governmental charge or assessment imposed under applicable laws (including, without limitation, any Stamp Tax) shall become payable with respect to any Receipt or any Deposited Securities evidenced by any Receipt, such tax, other governmental charge or expense shall be payable by the Holder of such Receipt to the Depository. The Depository may refuse, and the Company shall be under no obligation, to effect any transfer of such Receipt, or split-up or combination of such Receipt or, subject to Section 7.08, any withdrawal of Deposited Securities represented thereby until such payment is made, and may withhold any dividends or other distributions or securities receivable in respect of Deposited Securities, or may sell for the account of the Holder thereof any part or all of the Deposited Securities represented by such Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax, other governmental charge or expense, the Holder of such Receipt remaining liable for any deficiency.

SECTION 3.03. Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and the

certificates therefor are validly issued, fully paid, nonassessable, that all preemptive rights, if any, with respect to such Shares have been validly waived or exercised and that each such person making such deposit is duly authorized so to do. Each such person shall also be deemed to represent that the deposit of Shares or sale of Receipts by that person is not restricted, and that the Shares deposited by that person are not Restricted Securities, under the Securities Act of 1933. In addition, such person shall be deemed to represent that such Shares are not liable to disenfranchisement or disposal by the Company pursuant to the Articles of Association. Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance and cancellation of Receipts in respect thereof.

SECTION 3.04. Disclosure of Beneficial Ownership. Notwithstanding any other provision of this Deposit Agreement, each Holder agrees to be bound by and subject to the Articles of Association, and to provide such information as the Company may request in a disclosure notice (a "Disclosure Notice") given pursuant to statutory provisions of English law or the Articles of Association. Failure of a Holder to provide in a timely fashion the information requested in any Disclosure Notice may, in the Company's sole discretion, result in the withholding of

certain rights in respect of such Holder's American Depositary Shares (including voting rights and certain rights as to dividends in respect of the Shares represented by such American Depositary Shares). The Depositary agrees to use its reasonable efforts to comply with any instructions received from the Company requesting that the Depositary take the reasonable actions specified therein to obtain such information.

In addition, any Holder who is or becomes directly or indirectly interested (within the meaning of the Companies Acts 1985, as amended from time to time (the "Companies Act")) in 3% (or such other amount as may be required by the Companies Act) or more of the outstanding Shares, or is aware that another person for whom it holds such Receipts is so interested, must within two business days (or such other period as may be required by the Companies Act) after becoming so interested or so aware, and thereafter upon any changes of at least 1% of the outstanding Ordinary Shares, notify the Company as required by the Companies Act.

If the Company requests information from the Depositary or the Custodian, as the registered holders of Shares, pursuant to the Articles of Association of the Company or the Companies Act, the obligations of the Depositary or the Custodian,

as the case may be, shall be limited to disclosing to the Company such information relating to the Shares in question as has in each case been recorded by it pursuant to the terms of this Deposit Agreement.

ARTICLE IV

THE DEPOSITED SECURITIES

SECTION 4.01. Power of Attorney. Each Holder, upon acceptance of a Receipt issued in accordance with the terms hereof, hereby appoints the Depository its agent, with power to delegate, to act on its behalf and to take any and all steps or action provided for or contemplated herein with respect to the Deposited Securities, to adopt any and all procedures necessary to comply with English law, including, but not limited to, those set forth in Article IV, and to take such further steps or action as the Depository in its sole discretion may deem necessary or appropriate to carry out the purposes of this Deposit Agreement.

SECTION 4.02. Cash Distributions; Withholding and Other Taxes. Whenever the Company proposes to make any cash dividend or other cash distribution on any Deposited Securities the Company shall deliver to the Depository and the Custodian written notice with respect thereto. Upon receipt of such

dividend or distribution the Depositary shall, subject to the provisions of Section 4.06, convert, or cause the conversion of, such dividend or distribution into dollars and shall, after fixing a record date in respect thereof pursuant to Section 4.07, distribute such amount to the Holders entitled thereto in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively; provided, however, that in the event that the Company, the Custodian or the Depositary shall be required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes or other governmental charges, the amount distributed to the Holder for American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent. Any such fractional amounts shall be rounded downward to the nearest whole cent and so distributed to the Holders entitled thereto, and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders then outstanding. The Company or its agent will remit to the

appropriate governmental authority or agency in England and Wales all amounts required to be withheld by the Company and owing to such authority or agency. The Depositary will remit to the appropriate governmental authority or agency in England and Wales all amounts required to be withheld by the Depositary and owing to such authority or agency. The Depositary will forward to the Company or its agent such information from its records as the Company may reasonably request in writing to enable the Company or its agent to file necessary reports with governmental authorities or agencies, and the Custodian, the Depositary or the Company or its agent may, but shall not be obligated to, file any such reports necessary to obtain benefits under applicable tax treaties for the Holders.

SECTION 4.03. Distributions Other Than Cash, Shares or Rights. Whenever the Custodian shall receive any distribution other than cash, Shares or rights upon any Deposited Securities, the Depositary shall, upon consultation with the Company, cause the securities or property so received to be distributed to the Holders as of a record date fixed pursuant to Section 4.07 hereto, entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary may deem equitable and practicable for accomplishing

such distribution, net of expenses of the Depositary; provided, however, that if in the opinion of the Depositary it cannot cause such securities or property to be distributed or such distribution cannot be made proportionately among the Holders entitled thereto, or if for any other reason (including without limitation any requirement (i) that the Company, the Depositary or the Custodian withhold an amount on account of taxes or other governmental charges, (ii) under applicable securities or exchange control regulations or law, or (iii) that such securities must be registered under the Securities Act of 1933 or other law in order to be distributed to Holders) the Depositary deems such distribution not to be feasible, the Depositary may, with the reasonable approval of the Company, adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of taxes and expenses of the Depositary as set forth in Exhibit B) shall be distributed by the Depositary to the Holders entitled thereto as in the case of a distribution received in cash.

SECTION 4.04. Distribution in Shares,. If any distribution upon any Deposited Securities consists of a dividend in the form of Shares, the Depositary may, with the Company's

approval, and shall, if the Company shall so request, (i) instruct the Company to deposit or cause such Shares to be deposited with and registered in the name of the Custodian and (ii) distribute to the Holders, as of the record date fixed pursuant to Section 4.07 hereof, of outstanding Receipts entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, additional Receipts for an aggregate number of American Depositary Shares representing the number of Shares received as such dividend, subject to the terms of this Deposit Agreement, including, without limitation, Sections 2.02, 2.03, 4.13 and 5.09 hereof. In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.02. If additional Receipts are not so distributed (except as pursuant to the preceding sentence), each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

SECTION 4.05. Rights. In the event that the Company shall offer or cause to be offered to the holders of any

Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary may, after consultation with the Company, and if requested in writing by the Company shall, take action, subject to the terms of this Deposit Agreement, as follows:

(a) if at the time of the offering of any rights the Depositary determines in its discretion that it is lawful and feasible to make such rights available to all Holders or certain Holders but not to others by means of warrants or otherwise, the Depositary may distribute warrants or other instruments therefor in such form as it may determine to the Holders entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, or employ such other method as it may deem feasible in order to facilitate the exercise, sale or transfer of rights by such Holders; or

(b) if at the time of the offering of any rights the Depositary determines in its discretion that it is not lawful or not feasible to make such rights available to certain Holders by means of warrants or otherwise, or if the rights represented by such warrants or such other instruments are not exercised and appear to be about to lapse,

the Depositary in its discretion may sell such rights or such warrants or other instruments at public or private sale, at such place or places and upon such terms as it may deem proper, and allocate the proceeds Of such sales (net of the expenses of the Depositary set forth in Section 5.09 hereof) for the account of the Holders otherwise entitled to such rights, warrants or other instruments upon an averaged or other practicable basis without regard to any distinctions among such Holders because of exchange restrictions or the date of delivery of any Receipt or Receipts, or otherwise, and distribute such net proceeds so allocated to the extent practicable as in the case of a distribution of cash pursuant to Section 4.02 hereof. The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders in general or any Holder or Holders in particular.

If the Depositary does not receive such written request from the Company, the Depositary shall, after consultation with the Company, have discretion as to the procedure to be followed (i) in making such rights available to the Holders, or (ii) in disposing of such rights on behalf of such Holders and distributing the net proceeds available in dollars to such

Holders as in the case of a distribution of cash pursuant to Section 4.02 hereof, or (iii) in allowing such rights to lapse in the event such rights may not be made available to Holders or be disposed of and the net proceeds thereof made available to Holders.

Notwithstanding anything to the contrary in this Section 4.05, if registration under the Securities Act of 1933 of the securities to which any rights relate is required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not offer such rights to the Holders (i) unless and until a registration statement under the Securities Act of 1933 covering such offering is in effect, or (ii) unless the Company furnishes the Depositary an opinion of counsel for the Company in the United States satisfactory to the Depositary or other evidence satisfactory to the Depositary to the effect that the offering and sale of such securities to the Holders of such Receipts are exempt from or do not require registration under the provisions of the Securities Act of 1933.

SECTION 4.06. Conversion of Foreign Currency. Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, which

in the judgment of the Depositary can at such time be converted on a reasonable basis into dollars distributable to the Holders entitled thereto and transferable to the United States, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into dollars, and shall transfer such dollars (net any of its reasonable and customary expenses incurred in such conversion and any expenses incurred on behalf of the Holder in complying with currency exchange control or other governmental requirements) to the Holders entitled thereto or, if the Depositary shall have distributed any warrants or other instruments that entitle the holders thereof to such dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of any application of exchange restrictions or otherwise.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary is

not convertible on a reasonable basis into dollars distributable to the Holders entitled thereto, or if any approval or license of any government or authority or agency thereof that is required for such conversion is denied or in the opinion of the Depositary is not obtainable at a reasonable cost or within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) to, or in its discretion may hold such foreign currency (without liability for interest thereon) for the respective accounts of, the Holders entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, is not practicable for distribution to some Holders entitled thereto, the Depositary may in its discretion make such conversion and distribution in dollars to the extent permissible to the Holders entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance (without liability for interest thereon) for the account of, the Holders for whom such conversion and distribution is not practicable.

SECTION 4.07. Fixing of Record Date. Whenever the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited

Securities entitled to receive any cash dividend or other cash distribution or any distribution other than cash, or any rights to be issued with respect to the Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall, after consultation with the Company, fix a record date for the determination of the Holders who shall be entitled to receive such dividend, distribution, rights or the net proceeds of the sale thereof, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or whose Receipts shall evidence such changed number of Shares. Subject to the provisions of Section 4.02 through 4.06 and to the other terms and conditions of this Deposit Agreement, the Holders at the close of business on such record date shall be entitled to receive the amount distributable by the Depositary with respect to such dividend or other distribution or such rights or the net proceeds of sale thereof in proportion to the number of American

Depository Shares held by them respectively, or to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

SECTION 4.08. Voting of Deposited Securities. As soon as practicable after receipt of notice of any meeting or solicitation of consents or proxies from holders of Shares or other Deposited Securities, the Depository shall fix a record date in respect of such meeting for the giving of instructions for voting such consent or proxy and shall mail to Holders a notice which shall contain: (a) such information as is contained in such notice of meeting, (b) a statement, in a form provided by the Company, that the Holders at the close of business on the specified record date will be entitled, subject to any applicable provisions of the laws of England and Wales, the Articles of Association of the Company and the provisions of or governing Deposited Securities (which provisions, if any, shall, be summarized in pertinent part), to instruct the Depository as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Securities represented by American Depository Shares evidenced by their respective Receipts, and (c) a brief statement as to the manner in which such instructions may be given including an express indication that instructions may be given to the Depository to give a discretionary

proxy to a person or persons designated by the Company. Upon receipt of the written request of a Holder (an "Instructing Holder") on such record date the Depository shall endeavor insofar as practicable and permitted under applicable law and the provisions of the Articles of Association of the Company and the provisions of the Deposited Securities to vote or cause the Custodian to vote the Shares and/or other Deposited Securities represented by American Depositary Shares evidenced by such Receipt in accordance with the instructions set forth in such request. In the event a poll is duly demanded and if no instructions are received, the Depository will deem, unless otherwise requested by the Company and unless otherwise provided for in the Deposit Agreement, such Holders to have instructed the Depository to give a discretionary proxy to the person designated by the Company; provided, however, no discretionary proxy shall be given with respect to any proposition as to which the Depository has actual knowledge which (i) involves any solicitation of opposing proxies or other substantial opposition, or (ii) authorizes a merger, consolidation, or any other matter which may materially affect the rights and privileges of the holders of Shares or Receipts. Unless specifically instructed by at least five Holders or Holders representing not less than 10% of the total voting rights of all Holders having the right to vote at such

meeting, the Depositary shall not join in demanding a poll and, in such case, the Depositary shall follow the instructions of the Instructing Holders holding Receipts evidencing a majority of the American Depositary Shares held by all Instructing Holders.

Subject to the previous paragraph, neither the Depositary nor the Custodian shall vote or attempt to exercise the right to vote the Shares or other Deposited Securities represented by American Depositary Shares evidenced by a Receipt other than in accordance with such written instructions. The Depositary undertakes to procure the appointment of one or more corporate representatives authorized to vote at meetings of the Company either on a show of hands or a poll in accordance with the provisions of this Section 4.08. In accordance with the Articles of Association and the Companies Act, failure by a Holder, or a person holding an interest in Shares through a Holder, to comply with the Company's request for information of the nature referred to in Section 3.04 may result, inter alia, in withdrawal of the voting rights of the Shares underlying the Receipts held by that Holder and thus of the rights described in this Section 4.08 to direct the voting of Deposited Securities underlying such Receipts.

SECTION 4.09. Changes Affecting Deposited Securities. Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or a Custodian in exchange for, or in conversion of or replacement or otherwise in respect of, Deposited Securities shall be treated as new Deposited Securities under this Deposit Agreement, and the American Depositary Shares shall thenceforth represent, in addition to, in replacement or conversion of, existing Deposited Securities, the right to receive the new Deposited Securities so received in exchange, conversion, replacement or otherwise unless additional or new Receipts are delivered pursuant to the following sentence. In any such case the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms hereof, execute and deliver additional Receipts as in the case of a stock dividend on the Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may,

with the Company's approval, and shall if the Company requests, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the net proceeds of such sales for the account of the Holders otherwise entitled to such securities upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.02.

SECTION 4.10. Available information. The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and accordingly files certain reports with the Commission. Such reports and other information may be inspected and copied at the public reference facilities maintained by the Commission located at the date hereof at Judiciary Plaza, 450 Fifth Street (Room 1024), N.W., Washington, D.C. 20549.

SECTION 4.11. Reports. The Depositary shall make available for inspection by Holders at its Principal Office any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian or the nominee of either as the holder of the Deposited Securities and (b) made generally

available to the holders of such Deposited Securities by the Company. The Depositary shall also send to Holders copies of such reports when furnished by the Company to the Custodian pursuant to Section 5.06.

In addition, upon the express written request of the Company and at the Company's sole cost and expense, the Depositary agrees to furnish, without, however, thereby relieving the Company of its obligation under the Securities Exchange Act of 1934 to do so, and without incurring any liability for failure to do so, to the Commission, or any other securities regulatory authority or stock exchange copies of any specified annual or other periodic reports and other notices, information or communications which the Depositary, the Custodian or the nominee of either receives from the Company so required to be furnished. The Depositary shall also furnish to the Commission semi-annually, so long as required by the Commission, beginning on or before six months after the effective date of any registration statement filed with the Commission under the Securities Act of 1933 relating to the Receipts, (a) the following information in tabular form:

(1) The number of American Depositary Shares evidenced by Receipts issued during the period covered by the report;

(2) The number of American Depositary Shares evidenced by Receipts retired during the period covered by the report;

(3) The total amount of American Depositary Shares evidenced by Receipts remaining outstanding at the end of the six-month period; and

(4) The total number of Holders at the end of the six-month period;

and (b) the name of each dealer known to the Depositary depositing Shares against issuance of Receipts during the period covered by the report. In connection with such reports relating to the Receipts, the Company and the Depositary shall each furnish to the other the name of each such dealer known to it who (1) has deposited Shares against the issuance of Receipts relating to each reporting period (including the six months prior to filing such registration statement), (2) proposes to deposit Shares against the issuance of Receipts (as to each such person indicating the number of Shares proposed to be deposited to the extent known), or (3) assisted or participated in the creation of any plan for the issuance of Receipts or the selection of Shares to be deposited.

SECTION 4.12. Lists of Receipt Holders. Promptly upon written request by the Company, the Depositary shall

furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depositary Shares of all Holders.

SECTION 4.13. Withholding. Notwithstanding any other provision of this Deposit Agreement, in the event that the Depositary determines that any distribution in cash or other property (including Shares or rights to subscribe therefor) is subject to any tax or other governmental charge or assessment which the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable or may use such cash to pay such taxes, charges or assessments by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property or cash after deduction of such taxes, charges or assessments to the Holders entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

ARTICLE V

THE DEPOSITARY, THE CUSTODIAN AND THE COMPANY

SECTION 5.01. Maintenance of Office and Transfer Books by the Depository. Until termination of this Deposit Agreement in accordance with its terms, the Depository shall maintain in the Borough of Manhattan, the City of New York, an office and facilities for the execution and delivery, registration, registration of transfers, combination and split-up of Receipts, the surrender of Receipts and the delivery and withdrawal of Deposited Securities in accordance with the provisions of this Deposit Agreement.

The Depository shall keep books for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Company and by the Holders, provided that such inspection shall not be, to the Depository's knowledge, for the purpose of communicating with Holders in the interest of a business or object other than the business of the Company or a matter related to this Deposit Agreement or the Receipts.

The Depository may close the transfer books, at any time or from time to time, when deemed expedient by it in connection with the performance of its duties hereunder.

If any Receipts or the American Depositary Shares evidenced thereby are listed on one or more stock exchanges in the United States, the Depositary shall act as Registrar or, with the written approval of the Company, appoint a Registrar or one or more co-registrars for registration of Receipts and transfers, combinations and split-ups, and to countersign Receipts in accordance with any requirements of such exchange or exchanges in accordance with the terms of such appointments. Such Registrar or co-registrars may be removed and a substitute or substitutes appointed by the Depositary upon the written request or with the written approval of the Company.

SECTION 5.02. Prevention or Delay in Performance. Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Holder or any other person, if, by reason of any provision of any present or future law or regulation of the United States, England and Wales or any other country, or of any other governmental authority or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Association of the Company or governing any Deposited Securities, or by reason of any act of God or war or other circumstances beyond its control, the Depositary or its agents or the Company or its agents shall be prevented or

forbidden from or subjected to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing which by the terms of this Deposit Agreement it is provided shall be done or performed; nor shall the Depositary or its agents or the Company or its agents incur any liability to any Holder or other person by reason of any non-performance or delay, caused as aforesaid, in performance of any act or thing which by the terms of this Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement or in the Articles of Association. where, by the terms of a distribution pursuant to Sections 4.02, 4.03, or 4.04 of this Deposit Agreement, or an offering or distribution pursuant to Section 4.05 or 4.09 of this Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Holders, or some of them, and the Depositary may not dispose of such distribution or offering on behalf of such Holders and make the net proceeds available to such Holders, then the Depositary shall not make such distribution or offering, and shall allow any such rights, if applicable, to lapse.

SECTION 5.03. Obligations of the Depositary, the Custodian and the Company. Each of the Company and its agents

assumes no obligation and shall be subject to no liability under this Deposit Agreement or the Receipts to Holders or other persons, except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

Each of the Depositary and its agents assumes no obligation and shall be subject to no liability under this Deposit Agreement or the Receipts to Holders or other persons (including without limitation, liability with respect to the validity or worth of the Deposited Securities), except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities.

Without limitation of the foregoing, neither the Depositary, nor any of its agents, nor the Company nor any of its agents shall be (a) under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be

under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary), or (b) liable for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary, its agents, the Custodian and the Company may rely and shall be protected in acting upon any written notice, request or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

The Depositary and its agents shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of this Deposit Agreement.

SECTION 5.04. Resignation and Removal of the Depositary; Appointment of Successor Depositary. The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Company, such resignation to be effective upon the appointment of a successor depositary

satisfactory to the Company and its acceptance of such appointment as hereinafter provided, which appointment shall be on terms reasonably satisfactory to the Company in its sole discretion.

The Depositary may at any time be removed by the Company by written notice of such removal, such removal to be effective upon the appointment of a successor depositary satisfactory to the Company and its acceptance of such appointment as hereinafter provided, which appointment shall be on terms satisfactory to the Company in its sole discretion.

In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, the City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor; but such predecessor, nevertheless, upon payment of all sums due it and on the written request of the Company shall (i) execute and deliver an instrument transferring to such successor all rights and powers of

such predecessor hereunder, (ii) duly assign, transfer and deliver all right, title and interest in the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding Receipts and such other information relating to Receipts and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly mail notice of its appointment to the Holders.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.05. The Custodian. The Depositary has initially appointed Citibank (London) as Custodian and agent of the Depositary for the purpose of this Deposit Agreement. The Custodian or its successors in acting hereunder shall be subject at all times and in all respects to the direction of the Depositary and shall be responsible solely to it. Any Custodian may resign and be discharged from its duties hereunder by notice of such resignation delivered to the Depositary at least 30 days prior to the date on which such resignation is to become effective. If, upon such resignation, there shall be no custodian acting hereunder, the Depositary shall, promptly after receiving such notice and after consultation with the Company, appoint a

substitute custodian which shall thereafter be the Custodian hereunder. Whenever the Depositary determines, in its discretion, that it is in the best interest of the Holders to do so, it may appoint an additional custodian, or discharge the Custodian and appoint a substitute custodian, which shall thereafter be Custodian hereunder. Upon demand of the Depositary, any Custodian shall deliver such of the Deposited Securities held by it as are requested of it to any other Custodian or such substitute or additional custodian or custodians. Each such substitute or additional custodian shall deliver to the Depositary forthwith upon its appointment, an acceptance of such appointment and agreement to be bound by the terms hereof, satisfactory in form and substance to the Depositary and the Company. Immediately upon any such change, the Depositary shall give notice thereof in writing to all Holders and each other Custodian.

Upon the appointment of any successor depositary hereunder, any Custodian then acting hereunder shall forthwith become, without any further act or writing, the agent hereunder of such successor depositary and the appointment of such successor depositary shall in no way impair the authority of each Custodian hereunder; but the successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as

may be proper to give to such Custodian full and complete power and authority as agent hereunder of such successor depositary.

SECTION 5.06. Notices and Reports. On or before the first date on which the Company gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action by such holders other than at a meeting, or of the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of Deposited Securities, the Company shall transmit to the Depositary and the Custodian a copy of the notice thereof in the form given or to be given to holders of Shares or other Deposited Securities.

The Depositary will arrange for the prompt transmittal by the Custodian to the Depositary of such notices, and any other reports and communications which are made generally available by the Company to holders of its Shares or other Deposited Securities, and arrange for the mailing of copies thereof to all Holders or, at the request of the Company, make such notices, reports and other communications available to all Holders on a basis similar to that for holders of Shares or other Deposited Securities or on such other basis as the Company may advise the Depositary may be required by any applicable law, regulation or

stock exchange requirement. The Company has delivered to the Depositary and the Custodian a copy of the Articles of Association of the Company governing the Shares and any other Deposited Securities issued by the Company or any affiliate of the Company, and promptly upon any amendment thereto or change therein, the Company shall deliver to the Depositary and the Custodian a copy of such amendment thereto or change therein. The Depositary may rely upon such copy for all purposes of this Deposit Agreement. The Depositary will make such copy and such notices, reports and other communications available for inspection by Holders at the Depositary's Office, at the office of the Custodian and at any other designated transfer offices.

SECTION 5.07. Issuance of Additional Shares, Etc. The Company and each company controlling, controlled by or under common control with the Company agree that in the event of any issuance (otherwise than in a dividend pursuant to Section 4.04 hereof) of (a) additional Shares, (b) rights to subscribe for Shares or other Deposited Securities, (c) securities convertible or exchangeable into Shares, or (d) rights to subscribe for securities convertible or exchangeable in Shares, as a dividend or distribution with respect to the Shares or other Deposited Securities evidenced by Receipts, or in exchange or conversion for Shares or other Deposited Securities, the Company will

promptly furnish to the Depositary a written opinion from counsel for the Company in the United States, which counsel shall be satisfactory to the Depositary, stating whether or not the circumstances of such issue are such as to make it necessary for a registration statement under the Securities Act of 1933 to be in effect prior to the delivery of the Receipts to be issued in connection with such securities or the issuance of such rights to the Holders entitled thereto; provided, however, that no such opinion shall be required in the event of an issuance of Shares as a bonus, share split or similar event. If in the opinion of such counsel a registration statement is required, such counsel shall furnish to the Depositary a written opinion as to whether or not there is a registration statement in effect which will cover the issuance of such securities.

The Company agrees that it will obtain legal advice as to whether future issuances for cash of (1) additional Shares, (2) rights to subscribe for Shares or other Deposited Securities, (3) securities convertible into or exchangeable for Shares, or (4) rights to subscribe for securities convertible into or exchangeable for Shares (in each event other than as a dividend or distribution set forth above), are such as to make it necessary for a registration statement under the Securities Act of 1933 covering such securities to be in effect. If being

advised by counsel, the Company determines that an issuance of such securities is required to be registered under the Securities Act of 1933, the Company will register such issuance to the extent necessary, alter the terms of the issuance to avoid the registration requirements of the Securities Act of 1933 or direct the Depositary to take specific measures with respect to the acceptance for deposit of Shares to prevent such issuance from being made in violation of the registration requirements of such Act.

The Company agrees with the Depositary that neither the Company nor any company controlled by, controlling nor under common control with the Company will at any time (i) deposit any Shares or other Deposited Securities, either upon original issuance or upon a sale of Shares or other Deposited Securities previously issued and reacquired by the Company or by any company under its control, unless a registration statement is in effect as to such Shares under the Securities Act of 1933, or (ii) issue additional Shares, rights to subscribe for such Shares, securities convertible into or exchangeable for Shares, or rights to subscribe for such securities except under circumstances complying in all respects with the Securities Act of 1933.

SECTION 5.08. Indemnification. (a) The Company agrees to indemnify the Depository and its directors, employees, agents (including each Custodian) and affiliates against, and hold each of them harmless from, any liability or expense (including, without limitation, reasonable fees and expenses of counsel) which may arise (A) out of acts performed or omitted, in accordance with the provisions of this Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depository or any Custodian, except for any liability or expense arising out of the negligence or bad faith of any of them, or (ii) by the Company or any of its agents, or (B) out of or in connection with the registration of Receipts, American Depositary Shares or any Deposited Securities with the Commission or the offer or sale thereof to the public in the United States except to the extent that such liability or expense arises out of information relating to the Depository or the Custodian, as the case may be, furnished in writing to the Company by the Depository or Custodian, as the case may be, expressly for use in any proxy statement, registration statement, prospectus or preliminary prospectus relating to the Shares represented by the American Depositary Shares or omissions from such information.

(b) The indemnities contained in subsection (a) shall not extend to any liability or expense which may arise out of any Pre-release Transactions (as defined in Section 5.12) other than any such transaction to which the Company is a party and other than the transfer or exchange of any pre-released Receipts or any other act performed or omitted in accordance with the provisions of this Deposit Agreement or the Receipts (other than Section 5.12 of this Deposit Agreement). The foregoing provisions of this subsection (b) shall not apply to any liability or expense which may arise out of any misstatement or alleged misstatement or omission or alleged omission in any placement memorandum (in preliminary or final form) or other document relating to the offer, sale or registration of American Depositary Shares.

(c) The Depositary agrees to indemnify the Company and its directors, employees, agents and affiliates and hold them harmless from any liability or expense (including, without limitation, reasonable fees and expenses of counsel) which may arise out of acts performed or omitted by the Depositary or its Custodian due to the negligence or bad faith of either the Depositary or the Custodian.

(d) Any person seeking indemnification hereunder (an "indemnified person") shall notify the person from whom it is

seeking indemnification (the "indemnifying person") of the commencement of any indemnifiable action or claim promptly after such indemnified person becomes aware of such commencement (provided that the failure to make such notification shall not affect such indemnified person's rights otherwise than under this Section 5.08) and shall consult in good faith with the indemnifying person as to the conduct of the defense of such action or claim, which shall be reasonable in the circumstances. No indemnified person shall compromise or settle any action or claim without the consent of the indemnifying person, which consent shall not be unreasonably withheld or delayed.

(e) The obligations set forth in this Section 5.08 shall survive the termination of this Deposit Agreement and the succession or substitution of any person indemnified hereby.

SECTION 5.09. Charges of Depositary. The Depositary shall charge any party who makes a deposit or to whom Receipts are issued (including, without limitation, a deposit or issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.04 hereof) or who makes a withdrawal or surrenders Receipts a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for such deposit, issuance, withdrawal or

surrender, respectively. In addition, Holders shall pay the charges and expenses of the Depositary in accordance with the terms of this Deposit Agreement including Exhibit B hereto. The Depositary may retain for its own account any compensation for the issuance, in accordance with Section 5.12, of Receipts against evidence of rights to receive Shares, including without limitation earnings on the collateral securing such rights. The Company agrees to pay the fees and charges and reasonable expenses of the Depositary and any Registrar, co-transfer agent and co-registrar, if any, as indicated in Exhibit B hereto to be paid by the Company and any other agent of the Depositary appointed under this Deposit Agreement, and in accordance with the written agreements between the Company and the Depositary from time to time, in each case other than the following items which are payable by Holders: (1) the fees of the Depositary for the execution and delivery of Receipts pursuant to Section 2.03, the surrender of Receipts pursuant to Section 2.05, (2) taxes and other governmental charges including any Stamp Tax, (3) such registration fees as may from time to time be in effect for the registration of transfers, if any, of Shares generally on the share register of the Company (or any appointed agent of the Company for transfer and registration of Shares which may be the Share Registrar) and accordingly applicable to transfers of

Shares to the name of the Depositary, a Custodian or their nominees or the person who makes a withdrawal, on the making of deposits or withdrawal pursuant to Sections 2.02 or 2.05, (4) such cable, telex, facsimile transmission and delivery expenses as are expressly provided in this Deposit Agreement to be at the expense of persons depositing Shares or Holders, (5) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.06, and (6) such fees and expenses as are incurred by the Depositary (including without limitation expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations) in delivery of Deposited Securities. Any other charges and expenses of the Depositary hereunder will be paid by the Company after consultation and agreement in writing between the Depositary and the Company as to the amount and nature of such charges and expenses. Responsibility for payment of such charges may at any time and from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such expenses and fees or charges to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

SECTION 5.10. Exclusivity. The Company agrees not to appoint any other depository for issuance of American Depositary Receipts so long as Citibank, N.A. is acting as Depository hereunder.

SECTION 5.11. List of Restricted Securities Owners. Upon each issuance by the Company of any securities that are Restricted Securities, the Company shall provide the Depository a list setting forth, to the actual knowledge of the Company, those persons or entities who beneficially acquired Restricted Securities. The Company agrees to advise in writing each of the persons or entities so listed that such Restricted Securities are ineligible for deposit hereunder. The Depository may rely on such a list or update and shall not be liable for any action or omission made in reliance thereon.

SECTION 5.12. Certain Rights of the Depository; Limitations. Subject to the further terms and provisions of this Section 5.12, Citibank, N.A. and its agents may own and deal in any class of securities of the Company and its affiliates and in Receipts. The Depository may issue Receipts against evidence of rights to receive Shares from the Company, or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares. Such evidence of rights shall consist of written

blanket or specific guarantees of ownership of Shares furnished on behalf of the holder thereof. Neither the Depository nor the Custodian shall lend Shares deposited hereunder or Receipts; provided, however, that the Depository reserves the right to (i) issue Receipts prior to the receipt of Shares pursuant to Section 2.02 and (ii) deliver Shares prior to the receipt and cancellation of Receipts pursuant to Section 2.05, including Receipts which were issued under (i) above but for which Shares may not have been received. The Depository may receive Receipts in lieu of Shares under (i) above and receive Shares in lieu of Receipts under (ii) above. Each such transaction (a "Pre-Release Transaction") shall be (a) accompanied by (x) a written representation by the person or entity (the "Applicant") to whom Receipts are issued or Shares delivered that at the time the Depository issues such Receipts or delivers such Shares, the Applicant or its customer owns the Shares or Receipts to be delivered to the Depository, or (y) such evidence of ownership of Shares or Receipts as the Depository deems appropriate, (b) subject to a written representation by the Applicant that it will hold such Shares or Receipts in trust for the Depository until their delivery to the Depository or custodian, reflect on its records the Depository as owner of such Shares or Receipts and deliver such Shares or Receipts upon the Depository's

request, (c) at all times fully collateralized (marked to market daily) with cash, United States government securities, or other collateral of comparable safety and liquidity, (d) terminable by the Depositary on not more than five (5) business days notice, and (e) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The Depositary intends that the number of Receipts issued by it under (i) above and outstanding at any time, generally will not exceed thirty percent (30%) of the Receipts issued by the Depositary and with respect to which Shares are on deposit with the Depositary or custodian; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as the Depositary deems appropriate. The Depositary will also set limits with respect to the number of Receipts and Shares involved in transactions to be effected hereunder with any one person on a case by case basis as it deems appropriate.

Collateral provided by an Applicant for Receipts or Shares, but not the earnings thereon, shall be held for the benefit of the Holder. The Depositary may retain for its own account any compensation received by it in connection with the foregoing, including without limitation earnings on the collateral.

ARTICLE VI

AMENDMENT AND TERMINATION

SECTION 6.01. Amendment. The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than the fees of the Depositary for deposits, the execution and delivery of Receipts and taxes and other governmental charges), or which shall otherwise prejudice any substantial existing right of Holders, shall not, however, become effective as to outstanding Receipts until the expiration of three months after notice of such amendment shall have been given to the Holders of outstanding Receipts. The parties hereto agree that any amendments which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the American Depositary Shares to be registered on Form F-6 under the Securities Act of 1933 or (b) the American Depositary Shares or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders. Every Holder at the time any amendment so becomes effective shall be deemed, by

continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.02. Termination. The Depositary shall, at any time at the written direction of the Company, terminate this Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination. If 60 days shall have expired after (i) the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and in either case a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.04, this Deposit Agreement shall automatically terminate on said 60th day after delivery of such notice. The Depositary shall mail notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination. On and after the date of termination, the Holder will, upon surrender of such Receipt at the Principal

Office of the Depositary, upon the payment of the fees of the Depositary for the surrender of Receipts referred to in Section 2.05 and subject to the conditions and restrictions therein set forth, and upon payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under this Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, subject to the conditions and restrictions set forth in Section 2.05, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, or charging, as the case may be, in each case the fees of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of this Deposit Agreement

and any applicable taxes or governmental charges or assessments). At any time after the expiration of six months from the date of termination, the Depositary may sell the Deposited Securities then held hereunder and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, in an unsegregated escrow account, without liability for interest, for the pro rata benefit of the Holders whose Receipts have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case the fees of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges or assessments). Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.08 and 5.09 hereof

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. Counterparts. This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depository and each Custodian and shall be open to inspection by any Holder during business hours.

SECTION 7.02. No Third Party Beneficiaries. This Deposit Agreement is for the exclusive benefit of the parties hereto and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.03. Severability. In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.04. Holders and Parties; Binding Effect. The Holders from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance thereof. Each Holder

agrees that, by accepting a Receipt, such Holder shall hold such Receipt subject to the provisions hereof and the Articles of Association.

SECTION 7.05. Notices. Any and all notices to be given to the Company shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter, addressed to WASTE MANAGEMENT INTERNATIONAL plc, Windsor House, 55-56 St. James Street, London SW1A1LA, Attention: Company Secretary, and a copy to _____, or to any other address which the Company may specify in writing.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter, addressed to Citibank, N.A., 111 Wall Street, 5th Floor, New York, New York 10043, Attention: ADR Department, or to any other address which the Depositary may specify in writing.

Any and all notices to be given to the Custodian shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter, addressed to _____ or to any other address which the Custodian may specify in writing.

Any and all notices to be given to any Holder shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the transfer books for Receipts of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.

Delivery of a notice sent by mail, air courier or cable, telex or facsimile transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post-office letter box or delivered to an air courier service. The Depositary or the Company may, however, act upon any cable, telex or facsimile transmission received by it from the other or from any Holder, notwithstanding that such cable, telex or facsimile transmission shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.06. Governing Law. This Deposit Agreement and the Receipts shall be interpreted under, and all rights

hereunder and thereunder and provisions hereof and thereof shall be governed by the laws Of the State of New York, U.S.A.

SECTION 7.07. Assignment. This Deposit Agreement may not be assigned by either the Company or the Depositary.

SECTION 7.08. Compliance With U.S. Securities Laws. Notwithstanding anything in this Deposit Agreement to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under this Deposit Agreement to prevent the withdrawal or delivery of Deposited Securities in a manner which would violate the United States securities laws, including, but not limited to, Instruction I A(1) of the General Instructions to Form F-6 Registration Statement, as amended from time to time, under the Securities Act of 1933.

IN WITNESS WHEREOF, WASTE MANAGEMENT INTERNATIONAL plc and Citibank, N.A. have duly executed this Agreement as of the day and year first above set forth and all Holders shall become parties hereto upon acceptance by them of Receipts issued in accordance with the terms hereof.

WASTE MANAGEMENT INTERNATIONAL plc
By: /S/ Edwin G. Falkman

Name: Edwin G. Falkman
Title: Director

CITIBANK, N.A.

By: /S/ Wim Budding

Name: Wim Budding
Title: Vice President

EXHIBIT A

UNDER THE LAW OF ENGLAND AND WALES AND THE CONSTITUENT DOCUMENTS OF THE COMPANY, HOLDERS OF AMERICAN DEPOSITARY RECEIPTS MAY HAVE CERTAIN DISCLOSURE OBLIGATIONS, A SUMMARY OF WHICH IS SET FORTH IN ARTICLE 8 HEREOF. FAILURE TO COMPLY WITH SUCH DISCLOSURE OBLIGATIONS COULD AFFECT SUCH HOLDER'S VOTING AND DIVIDEND RIGHTS.

Number

AMERICAN DEPOSITARY SHARES
(EACH REPRESENTING
TWO ORDINARY SHARES,
OF 10p. EACH)

[FORM OF FACE OF RECEIPT]

AMERICAN DEPOSITARY RECEIPT

Evidencing

AMERICAN DEPOSITARY SHARES

Representing

DEPOSITED ORDINARY SHARES,

OF 10p. EACH OF

WASTE MANAGEMENT INTERNATIONAL plc

(Incorporated under the laws of England and Wales)

CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America, as Depositary (the "Depositary"), such Depositary's

principal office being located at 111 Wall Street, New York, New York 10043, hereby certifies that _____, or registered assigns, is the owner of

American Depositary Shares, representing deposited Ordinary Shares of 10p. each ("Shares"), of WASTE MANAGEMENT INTERNATIONAL plc, a corporation organized under the laws of England and Wales (the "Company"). At the date of the Deposit Agreement, each American Depositary Share represents two (2) Shares deposited under the Deposit Agreement (as hereafter defined) with the Custodian which at the date of execution of the Deposit Agreement is Citibank (London), 11 Old Jewry, London EC2R8DJ, England (the "Custodian"). The ratio of American Depositary Shares ("ADSs") to Shares is subject to amendment as provided in Article IV of the Deposit Agreement.

(1) The Deposit Agreement. This American Depositary Receipt is one of an issue (herein called the Receipts), all issued and to be issued upon the terms and conditions set forth in the Deposit Agreement, dated as of April 1, 1992 (the "Deposit Agreement"), by and among the Company, the Depositary and all holders (the "Holders") from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and becomes bound by all the terms and provisions thereof. The Deposit Agreement sets forth the rights

of Holders and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Principal Office in New York of the Depositary and at the office of the Custodian in London. The statements made on the face and the reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Terms used and not defined herein shall have the same meaning as in the Deposit Agreement. The Depositary makes no representation or warranty as to the validity or worth of the Deposited Securities.

(2) Surrender of Receipts and Withdrawal of Deposited Securities. Upon surrender at the Principal Office of the Depositary of this Receipt for the purpose of withdrawal of the Deposited Securities represented hereby, and upon payment of (i) the fee of the Depositary for the making of withdrawals and cancellation of Receipts (as set forth on Exhibit B to the Deposit Agreement) and (ii) all fees, taxes and governmental charges payable in connection with such surrender and withdrawal, and

subject to the terms and conditions of the Deposit Agreement and article 3 hereof, the Company's Articles of Association (the "Articles") and the provisions of or governing the Deposited Securities and other applicable laws, the Holder of this Receipt shall be entitled to delivery, to him or upon his order, of the Deposited Securities at the time evidenced by this Receipt. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of the Holder or as ordered by him or by certificates properly endorsed or accompanied by proper instruments of transfer to the Holder or as ordered by him and (b) any other securities, property and cash to which the Holder is then entitled in respect of such Receipts to the Holder or as ordered by him. Such delivery shall be made, as hereinafter provided, without unreasonable delay and, at the option of the Holder hereof, either at the office of the Custodian or at the Principal office of the Depositary, provided that the forwarding of certificates evidencing Shares or other Deposited Securities for such delivery shall be at the risk and expense of the Holder.

(3) Transfers; Split-ups and Combinations. The transfer of this Receipt is registrable on the books of the Depositary by the Holder hereof in person or by duly authorized attorney, upon surrender of this Receipt to the Principal Office

of the Depositary properly endorsed or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depositary. This Receipt may be split into other Receipts or may be combined with other Receipts into one Receipt, representing the same aggregate number of ADSs as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration, registration of transfer, split-up, combination or surrender of any Receipt, the delivery of any distribution thereon or withdrawal of any Deposited Securities, the Depositary or the Custodian may require (a) payment from the depositor of Shares or presenter of the Receipt of a sum sufficient to reimburse it for any tax (including any Stamp Tax) or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in article (6) hereof, or in Exhibit B to the Deposit Agreement, (b) the production of proof satisfactory to it as to the identity and genuineness of any signature or other matter contemplated by the Deposit Agreement and (c) compliance with (i) any laws or governmental regulations relating to American Depositary Receipts or to the withdrawal of Deposited Securities and (ii) such reasonable regulations, if any, as the

Depository and the Company may establish consistent with the provisions of the Deposit Agreement, subject to article (22) hereof.

The Depository may refuse to execute and to deliver Receipts, register the transfer of any Receipt, or make any distribution of, or related to, Deposited Securities until it has received such proof of citizenship, taxpayer status, residence, exchange control approval or other information as it may deem necessary or proper in accordance with applicable laws and regulations and the terms of the Deposit Agreement, subject to article (22) hereof. The delivery of Receipts against deposits of Shares generally or against deposits of particular Shares may be suspended, or the delivery of Receipts against the deposit of particular Shares may be withheld, or the registration of transfer of Receipts in particular instances may be refused, the registration of transfer generally may be suspended, during any period when the transfer books of the Company, the Depository or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depository or the Company, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the Receipts or Shares are listed, or under any provision of this Deposit Agreement or the

provision of or governing Deposited Securities, or any meeting of shareholders of the Company or for any other reason, subject in all cases to article (22) hereof. Notwithstanding any provision of the Deposit Agreement or the Receipts to the contrary, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended or refused, except as permitted in General Instruction IA(1) to Form F-6 (as such instruction may be amended from time to time) under the Securities Act of 1933 in connection with (i) temporary delays relating to the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depository shall not knowingly accept for deposit under the Deposit Agreement any Shares or other Deposited Securities (a) that are required to be registered under the provisions of the Securities Act of 1933, unless a registration statement is in effect as to such Shares or other Deposited Securities, or (b) that would thereby infringe any provisions of the Articles of the Company

(4) Liability of Holder For Taxes. If any tax or other governmental charge or assessment imposed under applicable

laws (including, without limitation, any Stamp Tax) shall become payable with respect to the Receipt or any Deposited Securities evidenced by the Receipt, such tax, other governmental charge or expense shall be payable by the Holder of the Receipt to the Depositary. The Depositary may refuse, and the Company shall be under no obligation, to effect any transfer of the Receipt, or split-up or combination of the Receipt or, subject to article 22 hereof, any withdrawal of Deposited Securities represented hereby until such payment is made, and may withhold any dividends or other distributions or securities receivable in respect of Deposited Securities, or may sell for the account of the Holder hereof any part or all of the Deposited Securities represented by the Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax, other governmental charge or expense, the Holder of the Receipt remaining liable for any deficiency.

(5) Warranties by Depositor. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and the certificates therefor are validly issued, fully paid, non-assessable, that all preemptive rights, if any, with respect to such Shares have been validly waived or exercised and that the person making such deposit is duly authorized so to do. Each such person shall

also be deemed to represent that the deposit of Shares or sale of Receipts by that person is not restricted, and that the Shares deposited by that person are not Restricted Securities, under the Securities Act of 1933. In addition, such person shall be deemed to represent that such Shares are not liable to disenfranchisement or disposal by the Company pursuant to the Articles. Such representations and warranties shall survive the deposit and withdrawal of Shares and issuance and cancellation of Receipts in respect thereof.

(6) Charges of Depositary. The Depositary shall charge any party who makes a deposit or to whom Receipts are issued (including, without limitation, a deposit or issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.04 of the Deposit Agreement) or who makes a withdrawal or surrenders Receipts a fee of \$5.00 or less per 100 ADSs (or portion thereof) for such deposit, issuance, withdrawal or surrender, respectively. In addition, Holders will pay the charges and expenses of the Depositary in accordance with the terms of the Deposit Agreement including Exhibit B thereof. The Company will pay the other fees, charges and reasonable expenses of the Depositary and any Registrar, co-transfer agent and

co-registrar, if any, under the Deposit Agreement, as agreed upon from time to time between the Company and the Depositary. All charges may be changed by agreement in writing between the Depositary and the Company at any time and from time to time, subject to article (20).

(7) Filing Proofs, Certificates, and Other Information. Any person presenting Shares for deposit or any Holder may be required from time to time to file such proof of citizenship, taxpayer status, residence or exchange control approval, compliance with applicable laws and the terms of the Deposit Agreement or other information, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper or as the Company may require by written request to the Depositary consistent with its obligations thereunder. The Depositary may withhold the execution or delivery or registration of transfer of this Receipt or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, subject to article 22, the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed to the Depositary and the Company's satisfaction. The Depositary shall provide the Company in a timely manner with copies, or originals if necessary and appropriate, of (i) any such proofs of

citizenship, taxpayer status, residence or exchange control approval which the Depository receives, and (ii) any other information or documents which the Company may reasonably request and which the Depository shall request from the Holders or any person presenting Shares for deposit.

(8) Disclosure of Beneficial Ownership. Notwithstanding any other provision of this Receipt or the Deposit Agreement, the Holder agrees to be bound by, and subject to the Articles, and to provide such information as the Company may request in a disclosure notice (a "Disclosure Notice") given pursuant to statutory provisions of English law or the Articles. Failure of the Holder to provide in a timely fashion the information requested in any Disclosure Notice may result in the withholding of certain rights in respect of the Holder's ADSs (including voting rights and certain rights as to dividends in respect of the Shares represented by such ADSs). The Depository agrees to use its reasonable efforts to comply with any instructions received from the Company requesting that the Depository take the reasonable actions specified therein to obtain such information

In addition, any Holder who is or becomes directly or indirectly interested (within the meaning of the Companies Acts

1985, as amended from time to time (the "Companies Act")) in 3% (or such other amount as may be required by the Companies Act) or more of the outstanding Shares, or is aware that another person for whom it holds such ADSs is so interested, must within two business days (or such other period as may be required by the Companies Act) after becoming so interested or so aware, and thereafter upon any changes of at least 1% of the outstanding Shares, notify the Company as required by the Companies Act.

(9) Title to Receipts. It is a condition of this Receipt, and every successive Holder hereof by accepting or holding the same consents and agrees, that title to this Receipt (and to the ADSs evidenced hereby), when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of the State of New York; provided, however, that the Depositary, notwithstanding any notice to the contrary, may deem and treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes.

(10) Validity of Receipt. This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual signature of a duly authorized officer or, if a Registrar for the Receipts shall have been appointed, such signature may be a facsimile if this Receipt is countersigned by the manual signature of a duly authorized officer of such Registrar.

(11) Available Information. The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and accordingly files certain reports with the Commission, which reports may be inspected and copied by the Holders at the offices of the Commission in Washington, D.C.

Dated:

Countersigned

CITIBANK, N.A.,
as Depositary

By:

By:

Authorized Officer

Vice President

The address of the Principal Office of the Depositary is 111 Wall Street, 5th Floor, New York, New York 10043.

(FORM OF REVERSE OF RECEIPT)

SUMMARY OF CERTAIN ADDITIONAL PROVISIONS

OF THE DEPOSIT AGREEMENT

(12) Dividends and Distributions; Rights. Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, which in the judgment of the Depositary can at such time be converted on a reasonable basis into dollars distributable to the Holders entitled thereto and transferable to the United States, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into dollars, and shall transfer such dollars (net any of its reasonable and customary expenses incurred in such conversion and any expenses incurred on behalf of the Holder in complying with currency exchange control or other governmental requirements) to the Holders entitled thereto or, if the Depositary shall have distributed any warrants or other instruments that entitle the holders thereof to such dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among

Holders on account of any application of exchange restrictions or otherwise.

The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent. Any such fractional amount shall be rounded to the nearest whole cent and so distributed to Holders entitled thereto. If in the judgment of the Depositary, amounts received in foreign currency may not be converted on a reasonable basis into United States dollars distributable to the Holders entitled thereto, or may not be so convertible for all of the Holders entitled thereto, the Depositary may in its discretion make such conversion, if any, and distribution in United States dollars to the extent permissible to the Holders entitled thereto and may distribute the balance of the foreign currency received and not so convertible by the Depositary to, or hold (without liability for interest thereon) such balance for the account of, the Holders entitled thereto. If in the opinion of the Depositary any distribution other than cash or Shares upon any Deposited Securities cannot be made proportionately among the Holders entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it, with the reasonable approval of the Company, may deem equitable and practicable for

the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, and the net proceeds of any sale (net of taxes and expenses of the Depositary as set forth in Exhibit B to the Deposit Agreement) shall be distributed by the Depositary to the Holders entitled thereto as in the case of a distribution received in cash. If any distribution upon any Deposited Securities consists of a dividend in the form of Shares, the Depositary may with the Company's approval, and shall if the Company shall so request, (i) instruct the Company to deposit or cause such Shares to be deposited with and registered in the name of the Custodian and (ii) distribute to the Holders of record of outstanding Receipts entitled thereto, in proportion to the number of ADSs representing such Deposited Securities held by them respectively, additional Receipts for an aggregate number of ADSs representing the number of Shares received as such dividend, subject to the terms of the Deposit Agreement. In lieu of delivering Receipts for fractional ADSs in any such case, the Depositary will sell the number of Shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions set forth in the Deposit Agreement. In the event that the Company shall offer or cause to be offered to the holders of any

Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary may, after consultation with the Company, and if requested in writing by the Company shall, either (a) make such rights available to all Holders or certain Holders but not others by means of warrants or otherwise, if lawful and feasible, or (b) if making such rights available is not lawful or not feasible, or if the rights represented by such warrants or other instruments are not exercised and appear to be about to lapse, sell such rights or warrants or other instruments at public or private sale, at such place or places and upon such terms as the Depositary may deem proper, and allocate the proceeds of such sales, as in the case of a cash distribution, for account of the Holder otherwise entitled thereto upon an averaged or other practicable basis without regard to any distinctions among such Holders because of exchange restrictions or the date of delivery of any Receipt or Receipts, or otherwise. In the event the Depositary does not receive such written notice, the Depositary will have discretion as to whether such rights are to be made available to the Holders or in disposing of such rights on behalf of such Holders or in allowing such rights to lapse. The Depositary shall not be responsible for any failure to make such rights available to Holders in general or any Holder in particular. If a Holder

wishes to exercise the rights allocable to the ADSs of such Holder, the Depositary, upon the Holder's written request and subject to the terms and conditions of the Deposit Agreement (including Section 4.05 thereof), will make such rights available to such Holder.

Notwithstanding anything to the contrary in this Receipt, if registration under the Securities Act of 1933 of the securities to which any rights relate is required in order for the Company to offer such rights or such securities to Holders and sell the securities represented by such rights, the Depositary will not offer such rights to the Holders (i) unless and until a registration statement under the Securities Act of 1933 covering such offering is in effect, or (ii) unless the Company furnishes the Depositary an opinion of counsel for the Company in the United States satisfactory to the Depositary or other evidence satisfactory to the Depositary to the effect that the offering and sale of such securities to the Holders of such Receipts are exempt from or do not require registration under the provisions of the Securities Act of 1933.

(13) Record Dates. Whenever the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Securities entitled to receive any cash, or any rights to be issued with respect to the

Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary will, after consultation with the Company, fix a record date for the determination of the Holders who will be entitled to receive such dividend, distribution, rights or the net proceeds of the sale thereof, or to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or whose Receipt shall evidence such changed number of Shares.

(14) Voting of Deposited Securities. As soon as practicable after receipt of notice of any meeting or solicitation of consents or proxies from holders of Shares or other Deposited Securities, the Depositary shall fix a record date in respect of such meeting for the giving of instructions for voting such consent or proxy and shall mail to Holders a notice which shall contain: (a) such information as is contained in such notice of meeting, (b) a statement, in a form provided by the Company, that the Holders at the close of business on the

specified record date will be entitled, subject to any applicable provisions of the laws of England and Wales, the Articles of the Company and the provisions of or governing Deposited Securities (which provisions, if any, shall be summarized in pertinent part), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Securities represented by ADSs evidenced by their respective Receipts, and (c) a brief statement as to the manner in which such instructions may be given including an express indication that instructions may be given to the Depositary to give a discretionary proxy to a person or persons designated by the Company. Upon receipt of the written request of a Holder (an "Instructing Holder") on such record date the Depositary shall endeavor insofar as practicable and permitted under applicable law and the provisions of the Articles of the Company and the provisions of the Deposited Securities to vote or cause the Custodian to vote the Shares and/or other Deposited Securities represented by ADSs evidenced by such Receipt in accordance with the instructions set forth in such request. In the event a poll is duly demanded and if no instructions are received, the Depositary will deem, unless otherwise requested by the Company and unless otherwise provided for in the Deposit Agreement, such Holders to have instructed the Depositary to give a

discretionary proxy to the person designated by the Company; provided, however, no discretionary proxy shall be given with respect to any proposition as to which the Depositary has actual knowledge which (i) involves any solicitation of opposing proxies or other substantial opposition, or (ii) authorizes a merger, consolidation, or any other matter which may materially affect the rights and privileges of the holders of Shares or the Holders. Unless specifically instructed by at least five Holders or Holders representing not less than 10% of the total voting rights of all Holders having the right to vote at such meeting, the Depositary shall not join in demanding a poll and, in such case, the Depositary shall follow the instructions of the Instructing Holders holding Receipts evidencing a majority of the ADSs held by all Instructing Holders.

Subject to the previous paragraph, neither the Depositary nor the Custodian shall vote or attempt to exercise the right to vote the Shares or other Deposited Securities represented by ADSs evidenced by a Receipt other than in accordance with such written instructions. In accordance with the Articles and the Companies Act, failure by a Holder, or a person holding an interest in Shares through a Holder, to comply with the Company's request for information of the nature referred to in article (8) may result, inter alia, in withdrawal of the voting

rights of the Shares underlying the Receipts held by that Holder and thus of the rights described in this article (14) to direct the voting of Deposited Securities underlying such Receipts.

(15) Changes Affecting Deposited Securities. Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or a Custodian in exchange for, in conversion of or replacement or otherwise in respect of, Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and ADSs shall thenceforth represent in addition to, or in replacement or conversion of, existing Deposited Securities, the right to receive new Deposited Securities so received in exchange, conversion, replacement or otherwise, unless additional or new Receipts are delivered pursuant to the following sentence. In any such case the Depositary may with the Company's approval, and shall if the Company shall so request, execute and deliver additional Receipts as in the case of a stock dividend on the Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts. Notwithstanding the foregoing, in the event that any security so received may not be

lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall if the Company requests, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the net proceeds of such sales for the account of the Holders otherwise entitled to such securities upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash.

(16) Reports; Inspection of Transfer Books. The Depositary will make available for inspection by Holders at its Principal Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary, the Custodian or the nominee of either, as the holder of the Deposited Securities, and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary will also send to Holders copies of such reports when furnished by the Company as provided in the Deposit Agreement. The Depositary will keep books for the registration of Receipts and their transfer which at all reasonable times will be open for inspection by the Company and Holders, provided that such inspection shall not be for

the purpose of communicating with Holders in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

(17) Withholding. Notwithstanding any other provision of the Deposit Agreement, in the event that the Depositary determines that any distribution in cash or other property (including Shares or rights to subscribe therefor) is subject to any tax or other governmental charge or assessment which the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, charges or assessments by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes, charges or assessments to the Holders entitled thereto (and net of fees of the Depositary) in the manner specified in article (12) hereof.

(18) Liability of the Company and Depositary. Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Holder or any other person, if, by reason of any

provision of any present or future law or regulation of the United States, England and Wales or any other country, or of any other governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of the Company or governing any Deposited Securities, or by reason of any act of God or war or other circumstance beyond its control, the Depositary, or its agents, or the Company, or its agents, shall be prevented or forbidden from, or subjected to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing which by the terms of the Deposit Agreement it is provided shall be done or performed; nor shall the Depositary, or its agents, or the Company, or its agents, incur any liability to any Holder or other person by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or the Articles Where, by the terms of a distribution pursuant to Sections 4.02, 4.03, or 4.04 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.05 or 4.09 of the Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Holders,

or some of them, and the Depositary may not dispose of such distribution or offering on behalf of such Holders and make the net proceeds available to such Holders, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company or its agents nor the Depositary or its agents assumes any obligation or shall be subject to any liability under the Deposit Agreement to Holders or other persons, except that each of them agrees to perform its duties specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor any of its agents nor the Company nor any of its agents shall be (a) under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of this Receipt, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required, (and no Custodian will be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary) or (b) liable for any action or inaction by it in reliance upon the advice of or

information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary and its agents shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or effect of any such vote, provided that any such action or inaction is in good faith. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement. Subject to the further terms and provisions of this article (18), Citibank, N.A. and its agents may own and deal in any class of securities of the Company and its affiliates and in Receipts. The Depositary may issue Receipts against evidence of rights to receive Shares from the Company, or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares. Such evidence of rights shall consist of written blanket or specific guarantees of ownership of Shares furnished on behalf of the holder thereof. Neither the Depositary nor the Custodian shall lend Shares or Receipts; provided, however, that the Depositary reserves the right to (i) issue Receipts prior to the receipt of Shares pursuant to Section 2.02 of the Deposit Agreement and (ii) deliver Shares prior to the

receipt and cancellation of Receipts pursuant to Section 2.05 of the Deposit Agreement, including Receipts which were issued under (i) above but for which Shares may not have been received. The Depository may receive Receipts in lieu of Shares under (i) above and receive Shares in lieu of Receipts under (ii) above. Each such transaction shall be (a) accompanied by (x) a written representation by the person or entity (the "Applicant") to whom Receipts are issued or Shares delivered that at the time the Depository issues such Receipts or delivers such Shares, the Applicant or its customer owns the Shares or Receipts to be delivered to the Depository, or (y) such evidence of ownership of Shares or Receipts as the Depository deems appropriate, (b) subject to a written representation by the Applicant that it will hold such Shares or Receipts in trust for the Depository until their delivery to the Depository or custodian, reflect on its records the Depository as owner of such Shares or Receipts and deliver such Shares or Receipts upon the Depository's request, (c) at all times fully collateralized (marked to market daily) with cash, United States government securities, or other collateral of comparable safety and liquidity, (d) terminable by the Depository on not more than five (5) business days notice, and (e) subject to such further indemnities and credit regulations as the Depository deems appropriate. The Depository

intends that the number of Receipts issued by it under (i) above and outstanding at any time, generally will not exceed thirty percent (30%) of the Receipts issued by the Depositary and with respect to which Shares are on deposit with the Depositary or custodian; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as the Depositary deems appropriate. The Depositary will also set limits with respect to the number of Receipts and Shares involved in transactions to be effected hereunder with any one person on a case by case basis as it deems appropriate.

Collateral provided by an Applicant for Receipts or Shares, but not the earnings thereon, shall be held for the benefit of the Holder. The Depositary may retain for its own account any compensation received by it in connection with the foregoing, including without limitation earnings on the collateral.

(19) Resignation and Removal of Depositary; Substitution of Custodian. The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, such resignation to be effective upon the appointment of a successor depositary, reasonably satisfactory to the Company, and its acceptance of

such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal, such removal to be effective upon the appointment of a successor depositary, reasonably satisfactory to the Company, and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time appoint a substitute or an additional custodian and the term "Custodian" shall also refer to such substitute or additional custodian.

(20) Amendment of Deposit Agreement and Receipts. The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem desirable. Any amendment which shall impose or increase any fees or charges (other than the fees of the Depositary for deposit, the execution and delivery of Receipts and taxes or other governmental charges), or which shall otherwise prejudice any substantial existing right of Holders, shall not, however, become effective as to outstanding Receipts until the expiration of three (3) months after notice of such amendment shall have been given to the Holders of outstanding Receipts. The parties hereto agree that any amendments which (i) are reasonably necessary (as agreed by the Company and the

Depository) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders. Every Holder at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder hereof to surrender this Receipt and receive therefor the Deposited Securities represented hereby, except in order to comply with mandatory provisions of applicable law.

(21) Termination of Deposit Agreement. The Depository shall, at any time, at the written direction of the Company, terminate the Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination. If 60 days shall have expired after (i) the Depository shall have resigned, or (ii) the Company shall have given notice of the removal of the Depository under the Deposit Agreement, and, in either case, a successor depository shall not have been appointed and accepted its appointment, the Deposit

Agreement shall automatically terminate on said 60th day after delivery of such notice. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except the collection of dividends and other distributions pertaining to Deposited Securities, the sale of rights and the delivery of Deposited Securities, subject to Section 2.05 of the Deposit Agreement, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, or charging, the fees of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or other governmental charges or assessments). At any time after the expiration of six months from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, in an unsegregated

escrow account, without liability for interest, for the pro rata benefit of the Holders whose Receipts have not theretofore been surrendered. Thereafter the Depository will be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting or charging such fees, expenses, taxes and charges as aforesaid). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depository under Sections 5.08 and 5.09 of the Deposit Agreement.

(22) Compliance With U.S. Securities Laws. Notwithstanding any provisions in this Receipt or the Deposit Agreement to the contrary, the Company and the Depository have each agreed that it will not exercise any rights it has under the Deposit Agreement or the Receipt to prevent the withdrawal or delivery of Deposited Securities in a manner which violate the United States securities laws, including, but not limited to Instruction I A(1) of the General Instructions to Form F-6 Registration Statement, as amended from time to time, under the Securities Act of 1933.

(ASSIGNMENT AND TRANSFER SIGNATURE LINES)

NOTE: The signature to any endorsement hereon must correspond with the name as written upon the face of this Receipt in every particular, without alteration or enlargement or any change whatever.

If the endorsement be executed by an attorney, executor, administrator, trustee or guardian, the person executing the endorsement must give his full title in such capacity and proper evidence of authority to act in such capacity, if not on file with the Depository, must be forwarded with this Receipt.

All endorsements or assignments of Receipts must be guaranteed by a New York Stock Exchange member firm or member of the Clearing House of the American Stock Exchange Clearing Corporation or by a bank or trust company having an office or correspondent in the City of New York.

EXHIBIT B
CHARGES OF THE DEPOSITARY

Service -----	Rate -----	By Whom Paid -----
(1) Receipt of deposits and issuance of Receipts (including, without limitations, deposit or issuance pursuant to stock dividend)	Up to \$5.00 per 100 American Depositary Shares (or fraction thereof)	Party who makes relevant deposit or to whom Receipts are issued
(2) Delivery of Deposited Securities against surrender of Receipts	Up to \$5.00 per 100 American Depositary Shares (or fraction thereof)	Party Surrendering Receipts or making withdrawals

The Company after consultation and agreement between the Depositary and the Company as to the amount and nature of such charges, will pay those charges of the Depositary and those of any Registrar, co-transfer agent or co-registrar not payable by the Holders plus reasonable out-of-pocket expenses such as printing, translation, stationery, postage, insurance, cables, etc., incurred by the Depositary in the exercise of its duties and obligations under the Deposit Agreement, in accordance with written agreements entered into between the Depositary and the Company from time to time, provided that the Company shall not in any circumstances pay the fees and charges listed in the next paragraph.

In addition to the fees of the Depositary stated above and in the Deposit Agreement, Holders will pay (i) taxes and other governmental charges, (ii) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the share register of the Company (or the appointed agent of the Company for the transfer and registration of Shares) and accordingly applicable to transfers of Shares to the name of the Depositary or the Custodian or their nominee or the person who is making a withdrawal, on the making of deposits or withdrawals under the Deposit Agreement, (iii) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement to be at the expense of persons depositing Shares or Holders, (iv) such expenses as are incurred in the conversion of foreign currency by the Depositary pursuant to Section 4.06 of the Deposit Agreement, and (v) such fees and expenses as are incurred by the Depositary (including without limitation expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations) in delivery of Deposited Securities.

OPERATING LETTER

AMERICAN DEPOSITARY RECEIPTS

FOR

ENGLISH SHARES

OPERATING LETTER:

AMERICAN DEPOSITARY RECEIPTS FOR ENGLISH SHARES

Citibank N.A.
P.O. Box 78
London
WC2R 1HB

Gentlemen:

We hereby appoint you as our Custodian with respect to certain securities of English Companies against which the legal entity created by us as Depositary plans to issue American Depositary Receipts. We shall notify you in writing of each specific security for which we will authorize you to act as Custodian and this Operating Letter shall govern your and our duties and responsibilities with respect to each such security.

Upon request, Citibank New York will furnish Citibank London with a particular specimen ADR certificate for an underlying ordinary security when you deem necessary. Likewise, Citibank London will endeavour to furnish a particular Company specimen certificate for ordinary shares to Citibank New York when Depositary deems necessary.

For the purpose of this letter, the following words and phrases will have the respective meanings indicated:

COMPANY - -----	Any corporation whose common shares are officially traded in England and for which you agree to act as our Custodian.
NOMINEE - -----	National City Nominees Limited P.O. Box 78 London WC2R 1HB
OPERATING LETTER - -----	This instrument signifying multilateral agreement to contents therein between Depositary and Custodian.
CUSTODIAN - -----	Citibank N.A. London Main Office.
DEPOSITARY - -----	Citibank N.A. ADR Department 111 Wall Street New York New York 10015
TRANSFER AGENT - -----	The organization authorized by Company to transfer its Common Shares, or if there is no such, then Company.
ADR'S - -----	American Depositary Receipts for Common Shares.
COMMON SHARES - -----	Any class of security of a Company which we authorize you to accept for deposit hereunder.

We hereby authorize you to establish such cash and security accounts as may be required in the proper performance of your duties as such Custodian. You are to be guided by this document, and you agree to accept Common Shares for deposit with you as Custodian for our account and to be bound by the provisions of this letter.

I. Deposit of Common Shares for the Issuance of ADR's

Common Shares presented to you as Custodian for deposit as the basis for the issuance of ADR's must be accompanied by sufficient documentation to effect transfer of such shares into the name of the Nominee.

Upon receipt of such shares and documentation you agree to satisfy yourselves, by examination, that they are readily transferable although confirmation of this fact by the Transfer Agent is not required prior to your cabling us (in terms of paragraph III, sub-paragraph iii of this document) instructing issuance of the ADR's. Having made such examination, as far as is practicable, no further liability is yours in the event that such documentation proves to be not genuine or subject to title defect. However you agree to use your best efforts to obtain reimbursement for any losses suffered in this respect.

The above-mentioned shares must be accompanied by:

- (i) A transmittal letter completed and signed by the presenter of Common Shares substantially in the form attached hereto as Exhibit I, even though amended to take due account of local legal requirements, if any.
- (ii) Funds for the payment of any cable, telex, telephone or other charges incurred at the depositor's request and not waived by you unless all charges are for New York party in which case such charges are to be advised to ourselves at the time of your request to issue ADR's in order that we may collect same and reimburse you.
- (iii) Funds for the payment of any charge made by Transfer Agent to register the ownership of such Common Shares in the name of Nominee, and evidence of payment of Stamp Tax as necessary.

You shall not accept Common Shares for deposit from the Company or any person in control of the Company unless you shall have also received an opinion of U.S. counsel (who shall be satisfactory to us) that such deposit and consequent issuance of ADR's is exempt from or in accordance with, applicable U.S. laws and regulations, or have advised us of the full circumstances of such deposit and have received permission or instructions from us to accept such deposit.

II. Notification to Depositary to Issue ADR's

Upon receipt by you of Common Shares for deposit you shall:

- (i) Notify us immediately by tested telex or cable of the deposit of the Common Shares, and/or request for issuance of ADR's. Such telex or cable should incorporate the number of underlying shares and company, the name of the presenter, the name of the deliverer, the deposit number and any other salient information.

- (ii) Promptly lodge the Common Share certificates for transfer with the Transfer Agent for registration into the name of the Nominee.

Upon receipt of Deposit Advices referred to in sub-paragraph (i) of this paragraph (II) we shall issue and use our best efforts to deliver to the persons named by you in the Deposit Advice ADR's evidencing the required number of American Depositary Shares. We will advise you (via cable on same day of communication with deliverer, if possible) of any issuances which for any reason we are unable to complete. You will subsequently advise us (via cable) as to the proper disposition of said issuances including providing additional information to complete the transaction. The Common Shares are to be held by you as Custodian for us, subject to our order. After notifying us to whom or upon whose order the relative ADR's are to be issued and delivered, you need not be concerned any further as to the interest, if any, therein of the persons or corporations making the deposit.

Until further notice and upon agreement between Depositary and Custodian with respect to operating procedures, advices to us of the deposit of Common Shares with you should be numbered in one numerical sequence for each class of securities for each Company.

You will ensure that you do not instruct the pre-release of ADR's in excess of the mutually agreed percentage of shares physically held by yourselves unless specifically agreed by us. Should you be unable to deliver Common Shares in transferable order which you have advised us are on deposit with you for our account in accordance with our request made as provided herein due to your exceeding the aforementioned agreed percentage without our specific authority, you agree to accept the liability for any loss suffered by us due to the non delivery of such Common Shares except as prevented by force majeure.

III. Common Share Deposit in New York for ADR Issuance

Upon receipt of Common Shares and completed Letter of Transmittal (Exhibit I) from a Customer for the issuance of ADR's, Citibank New York will:

- (i) Issue a receipt to the Customer for receipt of Common Shares.
- (ii) Forward Common Shares to Citibank London including proper instructions for transfer.

Upon receipt of the Common Shares, Citibank London will:

- (i) Perform proper examination of the Common Shares as defined in paragraph I of this document.
- (ii) Cable Citibank New York within 48 hours of receipt advising us of acceptance and deposit of Common Shares with the Custodian or rejection of such Common Shares while awaiting further instructions.
- (iii) Promptly lodge the Common Share certificates, if acceptable, for transfer with the Transfer Agent for registration in the name of the Nominee and hold such shares to our direct order.

Upon receipt of the cable from you signifying acceptance and deposit of the Common Shares, or rejection of such shares, we will promptly issue and deliver ADR's to the Depositor providing such Common Shares have been accepted by you, or communicate the fact of non-acceptance and the reasons therefore to said customer and obtain additional instructions.

IV. Release of Common Shares Upon Surrender & Cancellation of ADR's in New

York

We shall immediately notify you of the surrender of ADR's for cancellation against release and delivery of underlying Common Shares in England, whereupon you will withdraw certificates representing and corresponding number of Common Shares of the appropriate class if there be more than one and deliver the relative certificates in proper form for transfer to or on the order of the person designated by our instructions and collect the charges, if any, other than for cancellation of ADR's and cable expenses for advice to you, which may be incurred by such delivery. You shall also collect or otherwise arrange for payment by the deliverer of taxes or charges, if any, payable by the transferor on such delivery unless advised to the contrary by ourselves.

We will advise you via tested telex or cable authorizing the release of Common Shares by you to the appropriate parties. Such telex or cable will incorporate the number of underlying shares and Company, the name of the party requesting cancellation, the name of the deliverer, the delivery number and any other salient information. We will use one numerical sequence of delivery numbers for each class of securities and for each Company. You will advise us (via cable on same day of communication with deliverer, if possible) of any deliveries which for any reason you are unable to complete. We will subsequently advise you (via cable) as to the proper disposition of said deliveries including providing any additional information to complete the transaction.

V. Monthly Share Reconciliation

You shall advise us of the number of Common Shares as at the close of business on the last working day of the month. Such advice shall be given by airmailing detailed ledgers of movements and balances to us within fifteen calendar days after the month end. It will be our responsibility to ensure that all balances reconcile. If there are no discrepancies, we will promptly confirm balances. Otherwise we will promptly advise you of differences and request additional information to reconcile.

VI. Share Reconciliation as of Record Date

You shall advise us by cable of the number of Common Shares under your control as at the close of business on each Record Date. Such advice shall separately indicate the number of shares registered in the name of the Nominee, the number of shares which for any reason have not been transferred into the name of the Nominee as at that date any other relevant information including separate tabulation of shares pre-released. Additionally, such advice shall indicate the last Deposit Advice number and Delivery Advice number utilised or received by you. It will be our responsibility to ensure that all balances reconcile. If there are no discrepancies, we will confirm balances. Otherwise, we will advise you of differences and request additional information to reconcile.

VII. Announcements

Citibank London will:

- (i) Ascertain and notify us by cable as soon as they are aware of the intended record date to be used for determination of stockholders entitled to vote at each annual meeting, each special meeting of stockholders, of any recommendations of the Board of Directors of Company as to any cash dividends, free distributions, rights offerings or other distributions in respect of Common Shares. You shall also cable advise us of any dividends, rights or other distributions which may be declared payable or distributable and of the relative record, and payment dates. Upon receipt by you of information about such dates, you shall cable us immediately of such notification since we will fix our record and payment dates to confirm to those fixed by Company for such meetings and other purposes. We must by SEC regulation inform the National Association of Securities Dealers and any interested national security exchange ten days prior to Company's and our record dates so that they may inform their respective members. We shall promptly advise you of any and all record and payment dates fixed by ourselves for the ADR's.
- (ii) Notify us promptly of any other corporate action of any nature affecting the Common Shares, and in any such event you will act in accordance with our instructions to the extent permitted by local law, regulation or practice.

VIII. Common Shares not transferred to Nominee on Record Date

You shall, with respect to Common Shares held by you under your control or owed to you as Custodian on a record date for a cash dividend or other distribution and which Common Shares have not yet been transferred to the name of the Nominee, take such action as may be required to ensure the collection by you when due of the cash or other distribution applicable to the particular Common Share.

You will utilise the relative funds, whether received from your counterparty or not, to purchase U.S. dollars within three working days of the London payment date and will immediately credit same to Head Office's Account. You will advise us of the number of shares involved, the exchange rate and U.S. dollars involved by telex or cable. Assuming you follow the procedures as stated in this section you will not be liable for any loss which may be suffered by ourselves in this respect.

IX. Cash Distribution

All cash dividends and other cash distributions as may be paid to the Nominee on Common Shares by Transfer Agent will be collected by you in Sterling in accordance with standard English procedure.

Upon receipt of each dividend you will reconcile to the figures previously agreed and notified under paragraph VI of this document. Any overage will be

held in Sterling pending dividend claims. Any shortfall will be immediately rectified by debiting a suitable receivables account of Citibank London. You will then be holding at our disposal the dividend agreed upon under paragraph VI of this document.

After deducting therefrom English taxes or governmental charges, if any, which may be imposed by English Law, regulation or practice you will convert the net Sterling proceeds of that dividend into U.S. dollars, deduct exchange commission and advise us by cable of the number of relative shares, dividend rate per share, tax withheld and exchange rate. The onus to clear any overage or shortfall will be on yourself. You will credit the net proceeds in U.S. dollars as stated in the cable advice to Head Office's Account or cable advise currency conversion was not made, within three working days of receipt of dividend check. Assuming you follow the procedures as stated in this section you will not be liable for any loss which may be suffered by ourselves in this respect.

X. Voting Rights

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You will transmit to us notices of shareholders meetings and any other reports or notices directed to its shareholders by Company, upon receipt thereof from Company. You shall, also upon our instruction, to the extent permitted by English law and regulation transmit proxies or such other voting instruments as may be required to Company, in order to cause Common Shares to be voted in accordance with the directions contained in such instructions. You should not vote any Common Shares on deposit with you as to which you receive no instruction from us.

XI. United Kingdom Dividend Tax

- - - - -

Until changed by law or tax convention you will forward any dividends to us without further deduction of United Kingdom taxes. Changes in law or tax convention may necessitate procedural amendments in this Operating Letter designed to maximize the net dividends available to ADR holders. You are to advise us of any proposed changes which may affect dividend payments or tax withholding as soon as you are aware of same.

XII. Stock Dividend or Stock Split (Distribution in Stock)

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Should Company contemplate a stock dividend, you shall advise us as soon as you are aware of same and inform us as to the percentage or ratio. Upon receipt of your information, we will instruct you how to proceed with respect to the additional Common Shares received on such stock dividend or stock split.

XIII. Stock Subscription (Rights)

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In the event of a stock subscription, you shall notify us as soon as you are aware of same and await our instructions which you shall follow to the extent permitted by English law and regulation.

XIV. Payment of Custodian Fees

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We shall remit to you on a mutually agreed basis that portion of the amounts received by us in connection with either the deposit of Common Shares against the issuance of ADR's or the withdrawal of Common Shares against the cancellation of ADR's as we may agree upon with respect of each Company's Common Shares.

XV. Effective Date

These instructions shall supersede those agreed upon previously and become operative on a mutually agreed date after both parties have signed and exchanged this agreement.

XVI. Modification

The provisions of this letter may be cancelled, altered or modified by an instrument in writing signed by the parties hereto or by tested cables agreeing to such cancellation, alteration or modification, one signed by each of the parties hereto.

If you are in agreement with the foregoing will you kindly so signify by signing and returning to the counterpart of this Operating Letter provided for that purpose.

Very truly yours,

Citibank N.A.

Date: June 30, 1980

By: /s/

Title

Citibank N.A. London

Date: June 30, 1980

By: /s/

Title

(Name and address of broker
requesting issuance of ADR's)

(Date)

Letter of Transmittal Covering Delivery
of Shares of Common Stock of

to Custodian and Issuance of American
Depositary Receipts by Citibank N.A.

Gentlemen:

We deliver herewith certificates representing _____ shares of Common Stock of _____ (the 'Company') for deposit with you as Custodian pursuant to the terms of the American Depositary Receipts in respect of such Common Stock issued by Citibank N.A., New York, and we hereby request that American Depositary Receipts for such Common Stock be registered in the name of and be delivered to or upon the written order of:

1. Name and address of person or persons in whose name American Depositary Receipts to be registered:

2. Name and address of person to whom American Depositary Receipt to be delivered if different from 1 above:

We request that you so instruct Citibank N.A. by (air mail) (cable at our expense). In so doing, you will not be liable for mutilation, interruption, omissions, errors, or delays incurred in the mails, or on the part of any telegraph, cable or wireless company, or any employee thereof, or through any cause beyond your control.

We represent that the certificates for Common Stock delivered herewith are genuine and that we are authorized by the true owner thereof to deposit the said certificates with you and we warrant that when said certificates are presented to the Company or its transfer agent for transfer to the name of the nominee of Citibank N.A., such transfer will not be refused because of any defect in the form of documentation or signatures on such certificates and the accompanying instruments of transfer received from us or by reason of any defect in the title we are purporting to transfer to you. If any of the above representations prove to be false or incorrect, we will deliver to you certificates representing shares of Common Stock which will satisfy the above representation and warranties or, at your option, we will reimburse you for any losses, liabilities or expenses incurred by you as a result thereof.

We hereby certify that: (1) neither the depositor nor the persons on whose behalf securities are being presented for deposit against the issuance of American Depositary Receipts is an 'issuer' of such securities or is directly or indirectly acting for such 'issuer'; (2) neither the depositor nor such other persons has purchased any of such securities from an 'issuer' with a view to distribution or is proposing to offer or sell any of such securities for an 'issuer' in connection with, the distribution of such securities; (3) neither the depositor nor such other persons is participating, or has a direct or indirect participation, in any such undertaking or in the direct or indirect underwriting of any such undertaking; (4) such securities do not constitute the whole or a part of an unsold allotment to or subscription by a 'dealer', as a participant in the distribution of such securities by the Company issuing the same or by or through an 'underwriter'.

For the purpose of this certification the term 'issuer' includes not only the Company but also any person directly or indirectly controlling, controlled by or under the direct or indirect common control with the Company; the term 'dealer' means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person; the term 'underwriter' means any person who has purchased from the 'issuer' the securities presented for deposit with a view to, or offers or sells for the 'issuer' in connection with, the distribution of any such securities, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking, but the term 'underwriter' does not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

Attached hereto in support of the request deposit and issuance of American Depositary Receipts please find:

1. Certificate(s) for _____ shares of Common Stock of the Company (properly endorsed for transfer) (accompanied by appropriate instruments of transfer).

Very truly yours,

Authorized signature.

List of Managing Underwriters

Merrill, Lynch & Co.
Kidder, Peabody & Co.

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Edwin G. Falkman, Bo Gabrielson, Ian B. Bird, and Herbert A. Getz, and each them severally, acting alone and without the other, his true and lawful attorney-in-fact with authority to execute and deliver in the name of each such person any and all documents, papers, filings, certifications, notice, application, forms, schedules, disclosures, statements, and other items, and to take all other actions necessary, appropriate, or advisable in connection with the public offering of shares (and American Depository Shares evidencing shares) of WMI Waste Management International plc, including, but not limited to, (i) filing with the Securities and Exchange Commission (the "Commission"), together with any exhibits thereto and other documents therewith, any Registration Statement necessary or advisable to enable the registrant to comply with Securities Act of 1933, and any rules, regulations, and requirements of the Commission in respect thereof, and all amendments (including post-effective amendments) thereto, which amendments may make such other changes in the Registration Statement as the aforesaid attorney-in-fact executing the same deems appropriate; (ii) filing with the Commission, together with any exhibits thereto and other documents therewith, any and all registration statements and amendments thereto (including post-effective amendments) which are necessary or advisable to enable the registrant to comply with the Securities Exchange Act of 1934, and any rules, regulations, and requirements of the Commission in respect thereof, together with such other applications, forms, schedules, filings, and other documents as the aforesaid attorney-in-fact executing the same deems appropriate in connection with qualification, exemption, or registration under any applicable federal or state securities laws; (iii) making applications to the New York Stock Exchange, the London Stock Exchange, and any other stock exchange, filing such applications together with such other documents or agreements relative to them as the aforesaid attorney-in-fact executing the same deems appropriate; and (iv) to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/

Dean L. Buntrock

/s/

Jean-Claude Jammes

/s/

Sir William Barlow

/s/

James E. Koenig

/s/

Jan Ekman

/s/

Giorgio Porta

/s/

Edwin G. Falkman

/s/

Phillip B. Rooney

/s/

Donald F. Flynn

/s/

Fritz Zopf

It is proposed that this filing become effective under Rule 466

/ / immediately upon filing.
/ / on (Date) at (Time)

If a separate registration statement has been filed to register the deposited shares, check the following box /X/

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum aggregate price per unit*	Proposed maximum aggregate offering price**	Amount of registration fee
American Depositary Shares evidenced by American Depositary Receipts, each such Share representing two Ordinary Shares, each of 10p per share of Waste Management International plc	37,500,000	US\$5.00	US\$1,875,000	US\$585.94

* Each unit represents 100 American Depositary Shares.

** Estimated solely for the purpose of calculating the registration fee. Pursuant to Rule 457(k), such estimate is computed on the basis of the maximum aggregate fees or charges to be imposed in connection with the issuance of such receipts evidencing such American Depositary Shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its

The Prospectus consists of the proposed form of American Depositary Receipt, included as Exhibit A to the Form of Deposit Agreement filed as Exhibit (a) to this Registration Statement

This Registration Statement may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one and the same instrument.

American Depositary Receipts
for fully paid Ordinary Shares,
of 10p each
of
WASTE MANAGEMENT INTERNATIONAL plc

Item 1. DESCRIPTION OF SECURITIES TO BE REGISTERED

Cross Reference

Item Number and Caption	Location in Form of American Depositary Receipt ("Receipt Filed Herewith as Prospectus
1. Name and address of depositary	Introductory Article
2. Title of American Depositary Receipts and identity of deposited securities	Face of Receipt, top center
Terms of Deposit:	
(i) The amount of deposited securities represented by one unit of American Depositary Receipts	Face of Receipt, upper right corner
(ii) The procedure for voting, if any, the deposited securities	Articles number 8, 13, 14 and 18
(iii) The collection and distribution of dividends	Articles number 12 and 13
(iv) The transmission of notices, reports and proxy soliciting material	Articles number 11, 13, 14 and 16

- (v) The sale or exercise of rights Article number 12 and 18
- (vi) The deposit or sale of securities resulting from dividends, splits or plans of reorganization Articles number 12 and 15
- (vii) Amendment, extension or termination of the deposit agreement Articles number 20 and 21
- (viii) Rights of holders of Receipts to inspect the transfer books of the depositary and the list of holders of Receipts Articles number 16 and 22
- (ix) Restrictions upon the right to deposit or withdraw the underlying securities Articles number 2, 3, 4 and 7
- (x) Limitation upon the liability of the depositary Articles number 12 and 16

3. Fees and Charges Article number 6

Item 2. AVAILABLE INFORMATION

Public reports furnished by issuer Article number 11

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 3. EXHIBITS

(a) Form of Deposit Agreement among Citibank, N.A., as Depositary, Waste Management International plc (the "Company") and all holders from time to time of American Depositary Receipts issued thereunder ("ADRs").

(b) operating Letter dated June 30, 1980, between Citibank, N.A., as Depositary, and Citibank, N.A. (London), as Custodian.

(d) Opinion of Parker Chapin Flattau & Klimpl, counsel for the Depositary.

(e) List of Managing Underwriters.

(g) Powers of Attorney

Item 4. UNDERTAKINGS

(a) The Depositary undertakes to furnish promptly the following information to the Commission semi-annually, beginning on or before six months after the effective date of the registration statement:

(1) the following information in substantially the tabular form indicated:

Number of American Depositary Shares ("ADSS") Evidenced by ADRs issued During Period Covered by Report	Number of ADSS Evidence by ADRs Retired During Period Covered by Report	Total Amount of ADSS Evidenced by ADRs Remaining Outstanding at End of Six-Month Period	Total Number of Holders of ADRs at End of Six - Month Period
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(2) The name of each dealer known to the Depositary depositing shares against issuance of ADRs during the period covered by the report.

(b) The Depositary hereby undertakes to make available at the principal office of the Depositary in the United States, for inspection by holders of the ADRs, any reports and communications received from the issuer of the deposited securities which are both (1) received by the Depositary as the holder of the deposited securities, and (2) made generally available to the holders of the underlying securities by the issuer.

(c) The Depositary hereby undertakes to notify each registered holder of an ADR at least thirty days before any change in the fee schedule.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Citibank, N.A., on behalf of the legal entity created by the Deposit Agreement dated as of April 1, 1992, among Citibank, N.A., as Depositary, the Company and the holders from time to time of American Depositary Receipts issued hereunder, certifies that it has reasonable grounds to believe that all of the requirements for filing on Form F-6 are met and has duly caused to this registration statement, or amendment thereto, to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, March 18, 1992

CITIBANK, N.A.

By: /s/ Wim Budding

Name: Wim Budding
Title: Vice President

Pursuant to the requirements of the Securities Act of 1933, this registration statement, or amendment thereto, has been signed by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date -----
Dean L. Buntrock	Director	
Sir William Barlow	Director	
Jan Ekman	Director	
Edwin G. Falkman (chief executive officer)	Director	
Donald F. Flynn	Director	
Jean-Claude Jammes	Director	
James E. Koenig (chief financial and accounting officer)	Director	
Giorgio Porta	Director	
Phillip B. Rooney	Director	
Fritz Zopf	Director	
By: /s/ Herbert A. Getz ----- Herbert A. Getz	Authorized U.S. Representative and Attorney-in-Fact for each of the Directors	March 18, 1992

Index to Exhibits

Exhibit -----	Document -----	Sequentially Numbered Page -----
(a)	Deposit Agreement	
(b)	Operating Letter dated June 30, 1980, between Citibank, N.A., as Depositary, and Citibank, N.A. (London), as Custodian	
(e)	List of Managing Underwriters	
(g)	Powers of Attorney	

Time Sensitive
Materials

Depository's Notice of
Court Meeting and Extraordinary General Meeting of
Waste Management International plc

ADSS: American Depositary Shares evidenced by American
Depositary Receipts ("ADRs").

ADS CUSIP No.: 940906100.

ADS Record Date: September 1, 1998.

Meeting Specifics: .Court Meeting - October 7, 1998 at 10:00 A.M.
(local time) at the offices of Slaughter and May, 4
Coleman Street, London EC2V 5DB, England.
.Extraordinary General Meeting - October 7, 1998 at
10:30 A.M. (local time) at the offices of Slaughter
and May, 4 Coleman Street, London EC2V 5DB, England.

Meeting Agenda: Please refer to the Notices of Meetings enclosed.

ADS Voting Instructions On or before 10:00 A.M. (New York City time)
Deadline: on September 30, 1998.

Deposited Securities: Ordinary Shares, par value U.K. 10p per share, of
Waste Management International plc, a company organized
under the laws of England and Wales (the "Company").

ADS Ratio: 2 Ordinary Shares to 1 ADS.

Depository: Citibank, N.A.

Custodian of Citibank, N.A. - London.
Deposited Securities:

Deposit Agreement: Deposit Agreement, dated as of April 1, 1992, by and
among the Depository, the Company and the Holders of
ADRs evidencing ADSS issued thereunder.

To be counted, your Voting Instructions need to be received by the
Depository prior to 10:00 A.M. (New York City time) on September
30, 1998.

The Company has announced that a Court Meeting convened by order of the English High Court of Justice and an Extraordinary General Meeting of Shareholders (the "Meetings") will be held at the date, times and location identified above. Copies of the Notices of Meetings which describe the matters to be addressed at each such Meeting are enclosed./1/

Voting through the Depositary

Holders of ADRs wishing to give voting instructions to the Depositary must sign, complete and return the enclosed Voting Instructions in the enclosed pre-addressed envelope prior to the ADS Voting Instructions Deadline. Any Holder who requests the withdrawal of Deposited Securities upon the surrender of ADRs between the ADS Record Date and the date of the Meeting will be required to certify to the Depositary that no Voting Instructions have been or will be delivered to the Depositary in respect of the ADSs represented by the ADRs so surrendered.

Upon timely receipt of signed and completed Voting Instructions from a Holder of ADRs, the Depositary shall endeavor insofar as practicable and permitted under applicable law and the provisions of or governing the Deposited Securities to cause the Custodian to vote (or to cause to be voted by means of the appointment of a proxy or otherwise) the Deposited Securities in respect of which Voting Instructions have been received in accordance with the instructions contained therein.

Please note that in accordance with and subject to the terms of Section 4.08 of the Deposit Agreement, unless specifically instructed by at least five Holders or Holders representing not less than 10% of the total voting rights of all Holders having the rights to vote at such Meeting, the Depositary shall not join in demanding a poll and, in such case, the Depositary shall follow the instructions of the Instructing Holders (as defined in the Deposit Agreement) holding ADRs evidencing a majority of the ADSs held by all Instructing Holders.

Please further note that Section 3.04 of the Deposit Agreement states that under the UK Companies Act 1985, as amended (the "Companies Act"), any ADR Holder who is or becomes directly interested in 3% (or such other amount as may be required by the Companies Act) or more of the outstanding Deposited Securities, or is aware that another person for whom it holds such ADRs is so interested, must within two business days (or such other period as may be required by the Companies Act) after becoming so interested or so aware, and thereafter upon any change of at least 1% of the outstanding Deposited Securities, notify the Company as required by the Companies Act. The Deposit Agreement further provides that such ADR Holder agrees to be bound by and subject to the Company's Articles of Association and to provide such information as the Company may request in a disclosure notice given pursuant to statutory provisions of English law and the Company's Articles of Association. Failure of a Holder to provide such information in a timely fashion may, in the Company's sole discretion, result in the withholding of certain rights in respect of such Holder's ADSs (including, without limitation, voting rights).

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/1/ As set forth in the Deposit Agreement, Holders of record of ADRs as of the close of business on the ADS Record Date, will be entitled, subject to applicable provisions of the laws of England and Wales and the Articles of Association of the Company and the provisions of or governing the Deposited Securities, to instruct the Depositary as to the exercise of the voting rights pertaining to the Deposited Securities represented by such Holders' ADSs, including instructions to give a discretionary proxy to a person designated by the Company.

Attendance in Person or by Proxy

Holders of ADRs and beneficial owners of ADSs who wish to exercise their voting rights directly as shareholders (rather than as ADR Holders or beneficial owners) will be entitled to do so, subject to the requirements of the laws of England and Wales and the Company's Articles of Association, upon timely surrender to the Depository of ADRs for cancellation and withdrawal of the Deposited Securities represented thereby in accordance with the terms and conditions of Section 2.05 of the Deposit Agreement. Defined terms used in this Notice have the meanings assigned to such terms in the Deposit Agreement.

Section 2.05 of the Deposit Agreement provides that upon surrender at the principal office of the Depository at 111 Wall Street 5th Floor, New York, New York 10043, of ADR(s) for the purpose of withdrawal of the Deposited Securities represented thereby, and upon payment of (i) the fee of the Depository for the making of withdrawals and cancellation of ADR(s) (as set forth on Exhibit B to the Deposit Agreement) and (ii) all taxes and governmental charges payable in connection with such surrender and withdrawal, and subject to the terms and conditions of the Deposit Agreement, the Company's Articles of Association and the provisions of or governing the Deposited Securities and other applicable laws, the Holder of such ADR(s) shall be entitled to delivery, to him/her or upon his/her order, of the Deposited Securities at the time evidenced by such ADR(s). Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of such Holder or as ordered by him/her or by certificates properly endorsed or accompanied by proper instruments of transfer to such Holder or as ordered by him/her and (b) any other securities, property and cash to which such Holder is then entitled in respect of such ADR(s) to such Holder or as ordered by him/her. Such delivery shall be made without unreasonable delay and, at the option of the Holder, either at the office of the Custodian or at the principal office of the Depository, provided that the forwarding certificates evidencing Deposited Securities for such delivery shall be at the risk and expense of the Holder.

Please be advised that Holders of ADRs who wish to attend the Meetings must become registered holders of Deposited Securities prior to 5:30 P.M. (London time) on October 5, 1998, two days before the Meetings.

The information contained herein with respect to the Meetings has been provided by the Company. Citibank, N.A. is forwarding this information to you solely as depository and in accordance with the terms of the Deposit Agreement and disclaims any responsibility with respect to the accuracy of such information. Citibank, N.A. does not, and should not be deemed to, express any opinion with respect to the proposals to be considered at the Meetings. The rights and obligations of Holders and beneficial owners of ADSs, the Company and the Depository are set forth in their entirety in the Deposit Agreement and summarized in the ADRs. If you wish to receive a copy of the Deposit Agreement, please contact the Depository at the number set forth below.

If you have any questions about the way in which Voting Instructions may be delivered to the Depository, please contact Citibank, N.A. - ADR Shareholder Services at (800) 422-2066.

Citibank, N.A., as Depository

The Voting Instructions must be signed, completed and received at the indicated address prior to 10:00 A.M. (New York City time) on September 30, 1998 for action to be taken.

1998 VOTING INSTRUCTIONS

AMERICAN DEPOSITARY SHARES

WASTE MANAGEMENT INTERNATIONAL plc (the "Company")
ADS CUSIP No.: 940906100.
ADS Record Date: September 1, 1998.
Meeting Specifics: Court Meeting - October 7, 1998, 10:00
A.M. (local time) at the offices of
Slaughter and May, 4 Coleman Street,
London EC2V 5DB, England.
Meeting Agenda: Please refer to the Notice of Court
Meeting enclosed.
Depository: Citibank, N.A.
Deposit Agreement: Deposit Agreement, dated as of April
1, 1992.
Deposited Securities: Ordinary Shares, par value U.K. 10p
per share, of the Company.
Custodian: Citibank, N.A. - London.

The undersigned Holder, as of the ADS Record Date, of the American Depositary Receipt(s) issued under the Deposit Agreement and evidencing the American Depositary Shares identified on the reverse side hereof (such American Depositary Shares hereafter the "ADSS"), acknowledges receipt of a copy of the Depository's Notice of Court Meeting and Extraordinary General Meeting and hereby irrevocably authorizes and directs the Depository to cause to be voted at the Court Meeting (and any adjournments or postponements thereof) the Deposited Securities represented by the ADSS in the manner indicated on the reverse side hereof.

Please note that in accordance with and subject to the terms of Section 4.08 of the Deposit Agreement, unless specifically instructed by at least five Holders or Holders representing not less than 10% of the total voting rights of all Holders having the rights to vote at such Meeting, the Depository shall not join in demanding a poll and, in such case, the Depository shall follow the instructions of the Instructing Holders (as defined in the Deposit Agreement) holding ADRs evidencing a majority of the ADSS held by all Instructing Holders.

Please indicate on the reverse side hereof how the Depository Securities are to be voted.

The Voting Instructions must be marked, signed and returned on time in order to be counted.

By signing on the reverse side hereof, the undersigned represents to the Depository and the Company that the undersigned is duly authorized to give the Voting Instructions contained herein.

(DETACH HERE)

FOR the Scheme of Arrangement

Against the Scheme of Arrangement

[_]

[_]

If these Voting Instructions are signed and timely returned to the Depositary but no specific direction as to voting is marked above as to an issue, the undersigned shall be deemed to have directed the Depositary to give voting instructions "FOR" the unmarked issue.

Please sign your name to the Voting Instructions exactly as printed below. When signing in a fiduciary or representative capacity, give full title as such. Where more than one owner, each MUST sign. Voting Instructions executed by a corporation should be in full corporate name by a duly authorized officer with full title as such.

Please sign here exactly as your name(s) appear(s) to the left.

Dated-----
When signing as attorney, executor, administrator, trustee, guardian or in another representative capacity, please give full title.

(DETACH HERE)

The Voting Instructions must be signed, completed and received at the indicated address prior to 10:00 A.M. (New York City time) on September 30, 1998 for action to be taken.

1998 VOTING INSTRUCTIONS

AMERICAN DEPOSITARY SHARES

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WASTE MANAGEMENT INTERNATIONAL plc (the "Company")

ADS CUSIP No.: 940906100.
ADS Record Date: September 1, 1998.
Meeting Specifics: Extraordinary General Meeting - October 7, 1998 at 10:30 A.M. (local time) at the offices of Slaughter and May, 4 Coleman Street, London EC2V 5DB, England.
Meeting Agenda: Please refer to the Company's Notice of Extraordinary General Meeting enclosed.
Depositary: Citibank, N.A.
Deposit Agreement: Deposit Agreement, dated as of April 1, 1992.
Deposited Securities: Ordinary Shares, par value U.K. 10p per share of the Company.
Custodian: Citibank, N.A. - London.

The undersigned Holder, as of the ADS Record Date, of the American Depositary Receipt(s) issued under the Deposit Agreement and evidencing the American Depositary Shares identified on the reverse side hereof (such American Depositary Shares hereafter the "ADSs"), acknowledges receipt of a copy of the Depositary's Notice of Court Meeting and Extraordinary General Meeting and hereby irrevocably authorizes and directs the Depositary to cause to be voted at the Extraordinary General Meeting (and any adjournments or postponements thereof) the Deposited Securities represented by the ADSs in the manner indicated on the reverse side hereof.

Please note that in accordance with and subject to the terms of Section 4.08 of the Deposit Agreement, unless specifically instructed by at least five Holders or Holders representing not less than 10% of the total voting rights of all Holders having the rights to vote at such Meeting, the Depositary shall not join in demanding a poll and, in such case, the Depositary shall follow the instructions of the Instructing Holders (as defined in the Deposit Agreement) holding ADRs evidencing a majority of the ADSs held by all Instructing Holders.

Please indicate on the reverse side hereof how the Deposited Securities are to be voted.

The Voting Instructions must be marked, signed and returned on time in order to be counted.

By signing on the reverse side hereof, the undersigned represents to the Depositary and the Company that the undersigned is duly authorized to give the Voting Instructions contained herein.

[DETACH HERE]

