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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the Quarterly Period Ended June 30, 2011

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12154

**Waste Management, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

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

**1001 Fannin  
Suite 4000  
Houston, Texas 77002**  
*(Address of principal executive offices)*

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The number of shares of Common Stock, \$0.01 par value, of the registrant outstanding at July 20, 2011 was 472,054,373 (excluding treasury shares of 158,228,088).

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PART I.

Item 1. *Financial Statements.*

**WASTE MANAGEMENT, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In Millions, Except Share and Par Value Amounts)

	June 30, 2011 (Unaudited)	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 371	\$ 539
Accounts receivable, net of allowance for doubtful accounts of \$24 and \$26, respectively	1,609	1,510
Other receivables	104	146
Parts and supplies	137	130
Deferred income taxes	39	40
Other assets	114	117
Total current assets	2,374	2,482
Property and equipment, net of accumulated depreciation and amortization of \$14,957 and \$14,690, respectively	11,919	11,868
Goodwill	5,793	5,726
Other intangible assets, net	310	295
Other assets	1,187	1,105
Total assets	<u>\$ 21,583</u>	<u>\$ 21,476</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 576	\$ 692
Accrued liabilities	1,056	1,100
Deferred revenues	465	460
Current portion of long-term debt	198	233
Total current liabilities	2,295	2,485
Long-term debt, less current portion	8,839	8,674
Deferred income taxes	1,704	1,662
Landfill and environmental remediation liabilities	1,436	1,402
Other liabilities	686	662
Total liabilities	14,960	14,885
Commitments and contingencies		
Equity:		
Waste Management, Inc. stockholders' equity:		
Common stock, \$0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued	6	6
Additional paid-in capital	4,545	4,528
Retained earnings	6,499	6,400
Accumulated other comprehensive income	259	230
Treasury stock at cost, 157,950,900 and 155,235,711 shares, respectively	(5,018)	(4,904)
Total Waste Management, Inc. stockholders' equity	6,291	6,260
Noncontrolling interests	332	331
Total equity	6,623	6,591
Total liabilities and equity	<u>\$ 21,583</u>	<u>\$ 21,476</u>

See notes to the Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share amounts)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating revenues	\$ 3,347	\$ 3,158	\$ 6,450	\$ 6,093
Costs and expenses:				
Operating	2,140	1,996	4,135	3,877
Selling, general and administrative	382	345	764	696
Depreciation and amortization	319	309	618	600
Restructuring	—	(1)	—	(1)
(Income) expense from divestitures, asset impairments and unusual items	—	(77)	—	(77)
	<u>2,841</u>	<u>2,572</u>	<u>5,517</u>	<u>5,095</u>
Income from operations	506	586	933	998
Other income (expense):				
Interest expense	(119)	(116)	(240)	(228)
Interest income	2	2	5	2
Equity in net losses of unconsolidated entities	(9)	(8)	(13)	(8)
Other, net	1	—	2	2
	<u>(125)</u>	<u>(122)</u>	<u>(246)</u>	<u>(232)</u>
Income before income taxes	381	464	687	766
Provision for income taxes	131	206	241	316
Consolidated net income	250	258	446	450
Less: Net income attributable to noncontrolling interests	13	12	23	22
Net income attributable to Waste Management, Inc.	<u>\$ 237</u>	<u>\$ 246</u>	<u>\$ 423</u>	<u>\$ 428</u>
Basic earnings per common share	<u>\$ 0.50</u>	<u>\$ 0.51</u>	<u>\$ 0.89</u>	<u>\$ 0.89</u>
Diluted earnings per common share	<u>\$ 0.50</u>	<u>\$ 0.51</u>	<u>\$ 0.89</u>	<u>\$ 0.88</u>
Cash dividends declared per common share	<u>\$ 0.34</u>	<u>\$ 0.315</u>	<u>\$ 0.68</u>	<u>\$ 0.63</u>

See notes to the Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)  
(Unaudited)

	Six Months Ended June 30,	
	2011	2010
Cash flows from operating activities:		
Consolidated net income	\$ 446	\$ 450
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	618	600
Deferred income tax provision	39	25
Interest accretion on landfill liabilities	41	40
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	3	15
Provision for bad debts	15	19
Equity-based compensation expense	27	20
Net gain on disposal of assets	(8)	(10)
Excess tax benefits associated with equity-based transactions	(7)	(1)
Equity in net losses of unconsolidated entities, net of dividends	13	5
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Receivables	(115)	(110)
Other current assets	(18)	(18)
Other assets	31	8
Accounts payable and accrued liabilities	25	(98)
Deferred revenues and other liabilities	(32)	31
Net cash provided by (used in) operating activities	<u>1,078</u>	<u>976</u>
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(157)	(237)
Capital expenditures	(596)	(475)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	13	27
Net receipts from restricted trust and escrow accounts	7	26
Investments in unconsolidated entities	(91)	(161)
Other	—	(3)
Net cash used in investing activities	<u>(824)</u>	<u>(823)</u>
Cash flows from financing activities:		
New borrowings	404	706
Debt repayments	(314)	(213)
Common stock repurchases	(168)	(286)
Cash dividends	(323)	(305)
Exercise of common stock options	35	13
Excess tax benefits associated with equity-based transactions	7	1
Distributions paid to noncontrolling interests	(22)	(22)
Other	(44)	(17)
Net cash used in financing activities	<u>(425)</u>	<u>(123)</u>
Effect of exchange rate changes on cash and cash equivalents	3	(1)
Increase (decrease) in cash and cash equivalents	<u>(168)</u>	<u>29</u>
Cash and cash equivalents at beginning of period	539	1,140
Cash and cash equivalents at end of period	<u>\$ 371</u>	<u>\$ 1,169</u>

See notes to the Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(In millions, except shares in thousands)  
(Unaudited)

	Waste Management, Inc. Stockholders' Equity									
	Total	Comprehensive Income	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interests
			Shares	Amounts				Shares	Amounts	
Balance, December 31, 2010	\$ 6,591		630,282	\$ 6	\$ 4,528	\$ 6,400	\$ 230	(155,236)	\$ (4,904)	\$ 331
Comprehensive Income:										
Consolidated net income	446	\$ 446	—	—	—	423	—	—	—	23
Other comprehensive income (loss), net of taxes:										
Unrealized losses resulting from changes in fair value of derivative instruments, net of taxes of \$8	(13)	(13)	—	—	—	—	(13)	—	—	—
Realized losses on derivative instruments reclassified into earnings, net of taxes of \$6	9	9	—	—	—	—	9	—	—	—
Unrealized losses on marketable securities, net of taxes of \$1	(1)	(1)	—	—	—	—	(1)	—	—	—
Foreign currency translation adjustments	36	36	—	—	—	—	36	—	—	—
Change in funded status of post-retirement benefit obligations, net of taxes of \$1	(2)	(2)	—	—	—	—	(2)	—	—	—
Other comprehensive income (loss)	29	29	—	—	—	—	—	—	—	—
Comprehensive income	475	\$ 475	—	—	—	—	—	—	—	—
Cash dividends declared	(323)		—	—	—	(323)	—	—	—	—
Equity-based compensation transactions, including dividend equivalents, net of taxes	78		—	—	17	(1)	—	1,973	62	—
Common stock repurchases	(176)		—	—	—	—	—	(4,694)	(176)	—
Distributions paid to noncontrolling interests	(22)		—	—	—	—	—	—	—	(22)
Other	—		—	—	—	—	—	6	—	—
Balance, June 30, 2011	\$ 6,623		630,282	\$ 6	\$ 4,545	\$ 6,499	\$ 259	(157,951)	\$ (5,018)	\$ 332

See notes to the Condensed Consolidated Financial Statements.

**WASTE MANAGEMENT, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Basis of Presentation**

The financial statements presented in this report represent the consolidation of Waste Management, Inc., a Delaware corporation; Waste Management's wholly-owned and majority-owned subsidiaries; and certain variable interest entities for which Waste Management or its subsidiaries are the primary beneficiary. Waste Management is a holding company and all operations are conducted by its subsidiaries. When the terms "the Company," "we," "us" or "our" are used in this document, those terms refer to Waste Management, Inc., its consolidated subsidiaries and consolidated variable interest entities. When we use the term "WM," we are referring only to Waste Management, Inc., the parent holding company.

We manage and evaluate our principal operations through five Groups. Our four geographic operating Groups, which are comprised of our Eastern, Midwest, Southern and Western Groups, provide collection, transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We also provide additional services that are not managed through our five Groups, which are presented in this report as "Other." Additional information related to our segments can be found in Note 9.

The Condensed Consolidated Financial Statements as of and for the three and six months ended June 30, 2011 and 2010 are unaudited. In the opinion of management, these financial statements include all adjustments, which, unless otherwise disclosed, are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results for interim periods are not necessarily indicative of results for the entire year. The financial statements presented herein should be read in connection with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010.

In preparing our financial statements, we make numerous estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methods. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. In preparing our financial statements, the most difficult, subjective and complex estimates and the assumptions that present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

***Adoption of New Accounting Pronouncements***

***Multiple-Deliverable Revenue Arrangements*** — In October 2009, the Financial Accounting Standards Board ("FASB") amended authoritative guidance associated with multiple-deliverable revenue arrangements. This amended guidance addresses the determination of when individual deliverables within an arrangement are required to be treated as separate units of accounting and modifies the manner in which consideration is allocated across the separately identifiable deliverables. The amendments to authoritative guidance associated with multiple-deliverable revenue arrangements became effective for the Company on January 1, 2011. The new accounting standard has been applied prospectively to arrangements entered into or materially modified after the date of adoption. The adoption of this guidance has not had a material impact on our consolidated financial statements. However, our adoption of this guidance may significantly impact our accounting and reporting for future revenue arrangements to the extent they are material.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**Reclassifications**

Certain reclassifications have been made to our prior period consolidated financial information in order to conform to the current year presentation.

**2. Landfill and Environmental Remediation Liabilities**

Liabilities for landfill and environmental remediation costs are presented in the table below (in millions):

	June 30, 2011			December 31, 2010		
	Landfill	Environmental Remediation	Total	Landfill	Environmental Remediation	Total
Current (in accrued liabilities)	\$ 104	\$ 42	\$ 146	\$ 105	\$ 43	\$ 148
Long-term	1,203	233	1,436	1,161	241	1,402
	<u>\$ 1,307</u>	<u>\$ 275</u>	<u>\$ 1,582</u>	<u>\$ 1,266</u>	<u>\$ 284</u>	<u>\$ 1,550</u>

The changes to landfill and environmental remediation liabilities for the year ended December 31, 2010 and the six months ended June 30, 2011 are reflected in the table below (in millions):

	Landfill	Environmental Remediation
December 31, 2009	\$ 1,267	\$ 256
Obligations incurred and capitalized	47	—
Obligations settled	(86)	(36)
Interest accretion	82	5
Revisions in cost estimates and interest rate assumptions	(49)	61
Acquisitions, divestitures and other adjustments	5	(2)
December 31, 2010	1,266	284
Obligations incurred and capitalized	24	—
Obligations settled	(31)	(16)
Interest accretion	41	3
Revisions in cost estimates and interest rate assumptions	4	4
Acquisitions, divestitures and other adjustments	3	—
June 30, 2011	<u>\$ 1,307</u>	<u>\$ 275</u>

At several of our landfills, we provide financial assurance by depositing cash into restricted trust funds or escrow accounts for purposes of settling final capping, closure, post-closure and environmental remediation obligations. Generally, these trust funds are established to comply with statutory requirements and operating agreements and we are the sole beneficiary of the restricted balances. However, certain of the funds have been established for the benefit of both the Company and the host community in which we operate.

The fair value of trust funds and escrow accounts for which we are the sole beneficiary was \$120 million at June 30, 2011 and is included in long-term "Other assets" in our Condensed Consolidated Balance Sheet. Our investments and receivables related to the trusts that have been established for the benefit of both the Company and the host community in which we operate had an aggregate carrying value of \$105 million at June 30, 2011 and are recorded in "Other receivables" and as long-term "Other assets" in our Condensed Consolidated Balance Sheet. See Note 12 for additional information related to these trusts.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Debt

The following table summarizes the major components of debt at each balance sheet date (in millions) and provides the maturities and interest rate ranges of each major category as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
Revolving credit facility	\$ —	\$ —
Letter of credit facilities	—	—
Canadian credit facility (weighted average effective interest rate of 2.3% at June 30, 2011 and 2.2% at December 31, 2010)	144	212
Senior notes and debentures, maturing through 2039, interest rates ranging from 4.60% to 7.75% (weighted average interest rate of 6.3% at June 30, 2011 and 6.5% at December 31, 2010)	5,710	5,452
Tax-exempt bonds maturing through 2039, fixed and variable interest rates ranging from 0.1% to 7.4% (weighted average interest rate of 3.1% at June 30, 2011 and December 31, 2010)	2,671	2,696
Tax-exempt project bonds, principal payable in periodic installments, maturing through 2029, fixed and variable interest rates ranging from 0.1% to 3.4% (weighted average interest rate of 1.3% at June 30, 2011 and 2.5% at December 31, 2010)	86	116
Capital leases and other, maturing through 2050, interest rates up to 12%	426	431
	9,037	8,907
Current portion of long-term debt	198	233
	<u>\$ 8,839</u>	<u>\$ 8,674</u>

**Debt Classification**

As of June 30, 2011, we had \$321 million of debt maturing within the next twelve months, including U.S. \$144 million under our Canadian credit facility. We have classified \$123 million of these borrowings as long-term as of June 30, 2011 based on our intent and ability to refinance these borrowings on a long-term basis.

**Net Debt Borrowings**

In February 2011, we issued \$400 million of 4.60% senior notes due March 2021. The net proceeds from the debt issuance were \$396 million. We used a portion of the proceeds to repay \$147 million of 7.65% senior notes that matured in March 2011. During the second quarter of 2011, we repaid approximately \$77 million of advances outstanding under our Canadian credit facility with available cash.

**Revolving Credit and Letter of Credit Facilities**

As of June 30, 2011, we had an aggregate committed capacity of \$2.5 billion for letters of credit under various credit facilities. In May 2011, we amended and restated our \$2.0 billion revolving credit facility as a result of changes in market conditions, which significantly reduced the cost of the facility. We also extended the term through May 2016. Our revolving credit facility is our primary source of letter of credit capacity. Our remaining letter of credit capacity is provided under facilities with terms that extend from June 2013 to June 2015. As of June 30, 2011, we had an aggregate of \$1.5 billion of letters of credit outstanding under various credit facilities. Approximately \$1.1 billion of these letters of credit have been issued under our revolving credit facility. There were no borrowings under these credit facilities during the first half of 2011.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

4. Derivative Instruments and Hedging Activities

The following table summarizes the fair values of derivative instruments recorded in our Condensed Consolidated Balance Sheet (in millions):

Derivatives Designated as Hedging Instruments	Balance Sheet Location	June 30, 2011	December 31, 2010
Interest rate contracts	Current other assets	\$ —	\$ 1
Interest rate contracts	Long-term other assets	50	37
<b>Total derivative assets</b>		<b>\$ 50</b>	<b>\$ 38</b>
Interest rate contracts	Current accrued liabilities	\$ —	\$ 11
Electricity commodity contracts	Current accrued liabilities	2	1
Interest rate contracts	Long-term accrued liabilities	22	13
Foreign exchange contracts	Long-term accrued liabilities	17	3
<b>Total derivative liabilities</b>		<b>\$ 41</b>	<b>\$ 28</b>

We have not offset fair value amounts recognized for our derivative instruments. For information related to the methods used to measure our derivative assets and liabilities at fair value, refer to Note 11.

**Interest Rate Derivatives**

*Interest Rate Swaps*

We use interest rate swaps to maintain a portion of our debt obligations at variable market interest rates. As of June 30, 2011, we had approximately \$5.6 billion in fixed-rate senior notes outstanding compared with \$5.4 billion as of December 31, 2010. As of June 30, 2011, the interest payments on \$1 billion, or 18%, of these senior notes have been swapped to variable interest rates to protect the debt against changes in fair value due to changes in benchmark interest rates, compared with \$500 million, or 9%, as of December 31, 2010. The increase in the notional amount of our interest rate swaps from December 31, 2010 to June 30, 2011 was due to the execution of \$600 million of interest rate swaps in March 2011 partially offset by the scheduled maturity of \$100 million of interest rate swaps in March 2011.

We have designated our interest rate swaps as fair value hedges of our fixed-rate senior notes. Fair value hedge accounting for interest rate swap contracts has increased the carrying value of debt instruments by \$85 million as of June 30, 2011 and \$79 million as of December 31, 2010.

Gains or losses on the derivatives as well as the offsetting losses or gains on the hedged items attributable to our interest rate swaps are recognized in current earnings. We include gains and losses on our interest rate swaps as adjustments to interest expense, which is the same financial statement line item where offsetting gains and losses on the related hedged items are recorded. The following table summarizes the fair value adjustments from interest rate swaps and the underlying hedged items on our results of operations (in millions):

Three Months Ended June 30,	Statement of Operations Classification	Gain (Loss) on Swap	Gain (Loss) on Fixed-Rate Debt
2011	Interest expense	\$18	\$(18)
2010	Interest expense	\$13	\$(13)
Six Months Ended June 30,	Statement of Operations Classification	Gain (Loss) on Swap	Gain (Loss) on Fixed-Rate Debt
2011	Interest expense	\$12	\$(12)
2010	Interest expense	\$14	\$(14)

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We also recognize the impacts of (i) net periodic settlements of current interest on our active interest rate swaps and (ii) the amortization of previously terminated interest rate swap agreements as adjustments to interest expense. The following table summarizes the impact of periodic settlements of active swap agreements and the impact of terminated swap agreements on our results of operations (in millions):

<u>Decrease to Interest Expense Due to Hedge Accounting for Interest Rate Swaps</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Periodic settlements of active swap agreements(a)	\$ 6	\$ 8	\$ 11	\$ 18
Terminated swap agreements	3	6	6	11
	<u>\$ 9</u>	<u>\$ 14</u>	<u>\$ 17</u>	<u>\$ 29</u>

(a) These amounts represent the net of our periodic variable-rate interest obligations and the swap counterparties' fixed-rate interest obligations. Our variable-rate obligations are based on a spread from the three-month LIBOR.

*Forward-Starting Interest Rate Swaps*

In 2009, we entered into forward-starting interest rate swaps with a total notional value of \$525 million to hedge the risk of changes in semi-annual interest payments due to fluctuations in the forward ten-year LIBOR swap rate for anticipated fixed-rate debt issuances in 2011, 2012 and 2014. We designated these forward-starting interest rate swaps as cash flow hedges.

During the first quarter of 2011, \$150 million of these forward-starting interest rate swaps were terminated contemporaneously with the actual issuance of senior notes in February 2011, and we paid cash of \$9 million to settle the liability related to these swap agreements. The ineffectiveness recognized upon termination of the hedges was immaterial and the related deferred loss continues to be recognized as a component of "Accumulated other comprehensive income." The deferred loss is being amortized as an increase to interest expense over the ten-year life of the senior notes issued in February 2011 using the effective interest method. The incremental interest expense associated with these forward-starting interest rate swaps was immaterial during the three and six months ended June 30, 2011. As of June 30, 2011, the amount scheduled to be reclassified as an increase to interest expense over the next twelve months is immaterial.

The forward-starting interest rate swaps outstanding as of June 30, 2011 relate to anticipated debt issuances in November 2012 and March 2014. As of June 30, 2011, the fair value of these active interest rate derivatives was comprised of \$22 million of long-term liabilities compared with \$13 million of long-term liabilities as of December 31, 2010.

We recognized pre-tax and after-tax losses of \$11 million and \$7 million, respectively, to other comprehensive income for changes in the fair value of our forward-starting interest rate swaps during the three months ended June 30, 2011 and \$7 million and \$5 million, respectively, during the six months ended June 30, 2011. We recognized pre-tax and after-tax losses of \$41 million and \$25 million, respectively, to other comprehensive income for changes in the fair value of our forward-starting interest rate swaps during the three months ended June 30, 2010 and \$46 million and \$28 million, respectively, during the six months ended June 30, 2010. There was no significant ineffectiveness associated with these hedges during the three and six months ended June 30, 2011 or 2010.

*Treasury Rate Locks*

In prior years, we used Treasury rate locks to secure underlying interest rates in anticipation of senior note issuances. These cash flow hedging agreements resulted in deferred losses, net of taxes, of \$14 million at June 30, 2011 and \$16 million at December 31, 2010, which are included in "Accumulated other comprehensive income." These deferred losses are reclassified as an increase to interest expense over the life of the related senior note

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

issuances, which extend through 2032. Pre-tax and after-tax amounts of \$2 million and \$1 million, respectively, for the three-month periods ended June 30, 2011 and June 30, 2010, and pre-tax and after-tax amounts of \$4 million and \$2 million, respectively, for the six-month periods ended June 30, 2011 and June 30, 2010, were reclassified out of accumulated other comprehensive income and into interest expense. As of June 30, 2011, \$7 million (on a pre-tax basis) is scheduled to be reclassified as an increase to interest expense over the next twelve months.

*Credit-Risk-Related Contingent Features*

Certain of our interest rate derivative instruments contain provisions related to the Company's credit rating. If the Company's credit rating were to fall to specified levels below investment grade, the counterparties have the ability to terminate the derivative agreements, resulting in settlement of all affected transactions. As of June 30, 2011, we had not experienced any credit events that would trigger these provisions, nor did we have any derivative instruments with credit-risk-related contingent features that were in a net liability position.

*Foreign Currency Derivatives*

We use foreign currency exchange rate derivatives to hedge our exposure to fluctuations in exchange rates for anticipated intercompany cash transactions between Waste Management Holdings, Inc., a wholly-owned subsidiary ("WM Holdings"), and its Canadian subsidiaries. As of June 30, 2011, we had foreign currency forward contracts outstanding for all of the anticipated cash flows associated with a debt arrangement between these wholly-owned subsidiaries. The hedged cash flows include C\$370 million of principal, which is scheduled for payment on October 31, 2013, and interest payments scheduled as follows: C\$10 million on November 30, 2011, C\$11 million on November 30, 2012 and C\$10 million on October 31, 2013. We designated our foreign currency derivatives as cash flow hedges.

Gains or losses on the underlying hedged items attributable to foreign currency exchange risk are recognized in current earnings. We include gains and losses on our foreign currency forward contracts as adjustments to other income and expense, which is the same financial statement line item where offsetting gains and losses on the related hedged items are recorded. The following table summarizes the pre-tax impacts of our foreign currency cash flow derivatives on our comprehensive income and results of operations (in millions):

Three Months Ended June 30,	Derivative Gain or (Loss) Recognized in OCI (Effective Portion)	Statement of Operations Classification	Derivative Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)
2011	\$ (3)	Other income (expense)	\$ (2)
2010	\$17	Other income (expense)	\$17

  

Six Months Ended June 30,	Derivative Gain or (Loss) Recognized in OCI (Effective Portion)	Statement of Operations Classification	Derivative Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)
2011	\$(14)	Other income (expense)	\$(12)
2010	\$ 5	Other income (expense)	\$ 5

Amounts reported in other comprehensive income and accumulated other comprehensive income are reported net of tax. Adjustments to other comprehensive income for changes in the fair value of our foreign currency cash flow hedges resulted in the recognition of after-tax losses of \$2 million and \$8 million during the three and six months ended June 30, 2011, respectively, as compared with the recognition of after-tax gains of \$10 million and \$3 million during the three and six months ended June 30, 2010, respectively. After-tax adjustments for the reclassification of losses from accumulated other comprehensive income into income were \$1 million and \$7 million during the three and six months ended June 30, 2011, respectively. After-tax adjustments for the reclassification of gains from accumulated other comprehensive income into income were \$11 million and

## WASTE MANAGEMENT, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

\$3 million during the three and six months ended June 30, 2010, respectively. There was no significant ineffectiveness associated with these hedges during the three and six months ended June 30, 2011 or 2010.

**Electricity Commodity Derivatives**

As a result of the expiration of certain long-term electricity contracts at our waste-to-energy facilities, we use short-term “receive fixed, pay variable” electricity commodity swaps to mitigate the variability in our revenues and cash flows caused by fluctuations in the market prices for electricity. We hedged 672,360 megawatt hours, or approximately 26%, of our Wheelabrator Group’s full year 2010 merchant electricity sales and the swaps executed through June 30, 2011 are expected to hedge about 1.6 million megawatt hours, or 49%, of the Group’s full year 2011 merchant electricity sales. For the three-month periods ended June 30, 2011 and 2010, we hedged 49% and 45%, respectively, of our merchant electricity sales. For the six-month periods ended June 30, 2011 and 2010, we hedged 51% and 25%, respectively, of our merchant electricity sales. There was no significant ineffectiveness associated with these cash flow hedges and all financial statement impacts associated with these derivatives were immaterial for the three-month and six-month periods ended June 30, 2011 and 2010.

**5. Income Taxes**

Our effective income tax rate for the three and six months ended June 30, 2011 was 34.5% and 35.1%, respectively, compared with 44.2% and 41.2% for the comparable prior year periods. We evaluate our effective income tax rate at each interim period and adjust it accordingly as facts and circumstances warrant. The differences between federal income taxes computed at the federal statutory rate and reported income taxes for the three and six months ended June 30, 2011 were primarily due to the favorable impact of federal tax credits offset by the unfavorable impact of state and local income taxes. The differences between federal income taxes computed at the federal statutory rate and reported income taxes for the three and six months ended June 30, 2010 were primarily due to an increase in our state deferred income taxes to reflect the impact of changes in the estimated income tax rate at which temporary differences would be realized and the unfavorable impact of state and local income taxes.

*Investment in Refined Coal Facility* — In January 2011, we acquired a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility in North Dakota. The facility’s refinement processes qualify for federal tax credits that are expected to be realized through 2019 in accordance with Section 45 of the Internal Revenue Code. Our initial consideration for this investment consisted of a cash payment of \$48 million.

We account for our investment in this entity using the equity method of accounting, recognizing our share of the entity’s results and other reductions in “Equity in net losses of unconsolidated entities,” within our Condensed Consolidated Statement of Operations. During both the three and six months ended June 30, 2011, we recognized \$2 million of net losses resulting from our share of the entity’s operating losses. Our tax provision for the three and six months ended June 30, 2011 was reduced by \$4 million and \$7 million, respectively, primarily as a result of tax credits realized from this investment. See Note 12 for additional information related to this investment.

*Investment in Federal Low-income Housing Tax Credits* — In April 2010, we acquired a noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties. The entity’s low-income housing investments qualify for federal tax credits that are expected to be realized through 2020 in accordance with Section 42 of the Internal Revenue Code.

We account for our investment in this entity using the equity method of accounting. We recognize our share of the entity’s results and reductions in the value of our investment in “Equity in net losses of unconsolidated entities,” within our Condensed Consolidated Statement of Operations. The value of our investment decreases as the tax credits are generated and utilized. During the three and six months ended June 30, 2011, we recognized \$6 million and \$12 million of losses for reductions in the value of our investment, \$2 million and \$4 million of interest expense, and a reduction in our tax provision of \$11 million (including \$7 million of tax credits) and \$18 million (including

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

\$11 million of tax credits), respectively. During the three and six months ended June 30, 2010, we recognized \$8 million of losses for reductions in the value of our investment, \$1 million of interest expense and a reduction in our tax provision of \$11 million (including \$8 million of tax credits). See Note 12 for additional information related to this investment.

*Recent Legislation* — The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, signed into law on December 17, 2010, included an extension of the bonus depreciation allowance through the end of 2012 and increased the amount of qualifying capital expenditures that can be depreciated immediately from 50 percent to 100 percent. The 100 percent depreciation deduction applies to qualifying property placed in service from September 8, 2010 through December 31, 2011. The acceleration of deductions on 2011 capital expenditures resulting from the bonus depreciation provision will have no impact on our effective tax rate. However, the ability to accelerate depreciation deductions is expected to decrease our 2011 cash taxes by approximately \$190 million. Taking the accelerated tax depreciation will result in increased cash taxes in future periods when the accelerated deductions for these capital expenditures would have otherwise been taken.

**6. Comprehensive Income**

Comprehensive income was as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Consolidated net income	\$ 250	\$ 258	\$ 446	\$ 450
Other comprehensive income (loss), net of taxes:				
Unrealized losses resulting from changes in fair value of derivative instruments, net of taxes	(8)	(22)	(13)	(33)
Realized (gains) losses on derivative instruments reclassified into earnings, net of taxes	1	(9)	9	—
Unrealized gains (losses) on marketable securities, net of taxes	1	(1)	(1)	—
Foreign currency translation adjustments	8	(37)	36	(10)
Change in funded status of post-retirement benefit obligations, net of taxes	—	(1)	(2)	(1)
Other comprehensive income (loss)	2	(70)	29	(44)
Comprehensive income	252	188	475	406
Comprehensive income attributable to noncontrolling interests	(13)	(12)	(23)	(22)
Comprehensive income attributable to Waste Management, Inc.	\$ 239	\$ 176	\$ 452	\$ 384

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of accumulated other comprehensive income, which is included as a component of Waste Management, Inc. stockholders' equity, were as follows (in millions):

	June 30, 2011	December 31, 2010
Accumulated unrealized loss on derivative instruments, net of taxes	\$ (37)	\$ (33)
Accumulated unrealized gain on marketable securities, net of taxes	4	5
Foreign currency translation adjustments	297	261
Funded status of post-retirement benefit obligations, net of taxes	(5)	(3)
	<u>\$ 259</u>	<u>\$ 230</u>

**7. Earnings Per Share**

Basic and diluted earnings per share were computed using the following common share data (shares in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Number of common shares outstanding at end of period	472.3	478.9	472.3	478.9
Effect of using weighted average common shares outstanding	1.9	3.2	2.6	2.6
Weighted average basic common shares outstanding	474.2	482.1	474.9	481.5
Dilutive effect of equity-based compensation awards and other contingently issuable shares	1.8	3.7	2.1	3.1
Weighted average diluted common shares outstanding	<u>476.0</u>	<u>485.8</u>	<u>477.0</u>	<u>484.6</u>
Potentially issuable shares	17.3	15.7	17.3	15.7
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	0.1	0.2	0.1	3.7

**8. Commitments and Contingencies**

*Financial Instruments* — We have obtained letters of credit, performance bonds and insurance policies and have established trust funds and issued financial guarantees to support tax-exempt bonds, contracts, performance of landfill final capping, closure and post-closure requirements, environmental remediation, and other obligations. Letters of credit generally are supported by our revolving credit facility and other credit facilities established for that purpose. We obtain surety bonds and insurance policies from an entity in which we have a noncontrolling financial interest. We also obtain insurance from a wholly-owned insurance company, the sole business of which is to issue policies for us. In those instances where our use of financial assurance from entities we own or have financial interests in is not allowed, we have available alternative financial assurance mechanisms.

Management does not expect that any claims against or draws on these instruments would have a material adverse effect on our consolidated financial statements. We have not experienced any unmanageable difficulty in obtaining the required financial assurance instruments for our current operations. In an ongoing effort to mitigate risks of future cost increases and reductions in available capacity, we continue to evaluate various options to access cost-effective sources of financial assurance.

*Insurance* — We carry insurance coverage for protection of our assets and operations from certain risks including automobile liability, general liability, real and personal property, workers' compensation, directors' and officers' liability, pollution legal liability and other coverages we believe are customary to the industry. Our exposure to loss for insurance claims is generally limited to the per incident deductible under the related insurance

## WASTE MANAGEMENT, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

policy. Our exposure, however, could increase if our insurers are unable to meet their commitments on a timely basis.

We have retained a significant portion of the risks related to our automobile, general liability and workers' compensation insurance programs. For our self-insured retentions, the exposure for unpaid claims and associated expenses, including incurred but not reported losses, is based on an actuarial valuation and internal estimates. The accruals for these liabilities could be revised if future occurrences or loss development significantly differ from our assumptions used. We do not expect any known casualty, property, environmental or other contingency to have a material impact on our financial condition, results of operations or cash flows.

*Guarantees* — In the ordinary course of our business, WM and WM Holdings enter into guarantee agreements associated with their subsidiaries' operations. Additionally, WM and WM Holdings have each guaranteed all of the senior debt of the other entity. No additional liabilities have been recorded for these intercompany guarantees because all of the underlying obligations are reflected in our Condensed Consolidated Balance Sheets.

We also have guaranteed the obligations of, and provided indemnification to, third parties in the ordinary course of business. Guarantee agreements outstanding as of June 30, 2011 include (i) guarantees of unconsolidated entities' financial obligations maturing through 2020 for maximum future payments of \$11 million; and (ii) agreements guaranteeing certain market value losses for approximately 900 homeowners' properties adjacent to or near 19 of our landfills. Our indemnification obligations generally arise in divestitures and provide that we will be responsible for liabilities associated with our operations for events that occurred prior to the sale of the operations. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing and we have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnification arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

*Environmental Matters* — A significant portion of our operating costs and capital expenditures could be characterized as costs of environmental protection, as we are subject to an array of laws and regulations relating to the protection of the environment. Under current laws and regulations, we may have liabilities for environmental damage caused by our operations, or for damage caused by conditions that existed before we acquired a site. In addition to remediation activity required by state or local authorities, such liabilities include potentially responsible party, or PRP, investigations. The costs associated with these liabilities can include settlements, certain legal and consultant fees, as well as incremental internal and external costs directly associated with site investigation and clean-up.

Estimating our degree of responsibility for remediation is inherently difficult. We recognize and accrue for an estimated remediation liability when we determine that such liability is both probable and reasonably estimable. Determining the method and ultimate cost of remediation requires that a number of assumptions be made. There can sometimes be a range of reasonable estimates of the costs associated with the investigation of the extent of environmental impact and identification of likely site-remediation alternatives. In these cases, we use the amount within the range that constitutes our best estimate. If no amount within a range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we used the high ends of such ranges, our aggregate potential liability would be approximately \$150 million higher than the \$275 million recorded in the Condensed Consolidated Financial Statements as of June 30, 2011. Our ongoing review of our remediation liabilities, in light of relevant internal and external facts and circumstances, could result in revisions to our accruals that could cause upward or downward adjustments to income from operations. These adjustments could be material in any given period.

As of June 30, 2011, we had been notified that we are a PRP in connection with 79 locations listed on the EPA's National Priorities List, or NPL. Of the 79 sites at which claims have been made against us, 17 are sites we own.

## WASTE MANAGEMENT, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Each of the NPL sites we own was initially developed by others as a landfill disposal facility. At each of these facilities, we are working in conjunction with the government to characterize or remediate identified site problems, and we have either agreed with other legally liable parties on an arrangement for sharing the costs of remediation or are working toward a cost-sharing agreement. We generally expect to receive any amounts due from other participating parties at or near the time that we make the remedial expenditures. The other 62 NPL sites, which we do not own, are at various procedural stages under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, known as CERCLA or Superfund.

The majority of these proceedings involving NPL sites that we do not own are based on allegations that certain of our subsidiaries (or their predecessors) transported hazardous substances to the sites, often prior to our acquisition of these subsidiaries. CERCLA generally provides for liability for those parties owning, operating, transporting to or disposing at the sites. Proceedings arising under Superfund typically involve numerous waste generators and other waste transportation and disposal companies and seek to allocate or recover costs associated with site investigation and remediation, which costs could be substantial and could have a material adverse effect on our consolidated financial statements. At some of the sites at which we have been identified as a PRP, our liability is well defined as a consequence of a governmental decision and an agreement among liable parties as to the share each will pay for implementing that remedy. At other sites, where no remedy has been selected or the liable parties have been unable to agree on an appropriate allocation, our future costs are uncertain.

*Litigation* — In April 2002, certain former participants in the ERISA plans of WM Holdings filed a lawsuit in the U.S. District Court for the District of Columbia in a case entitled *William S. Harris, et al. v. James E. Koenig, et al.* The lawsuit attempts to increase the recovery of a class of ERISA plan participants on behalf of the plan based on allegations related to both the events alleged in, and the settlements relating to, the securities class action against WM Holdings that was settled in 1998, the litigation against WM in Texas that was settled in 2002, as well as the decision to offer WM common stock as an investment option within the plan beginning in 1990, despite alleged knowledge by at least two members of the investment committee of financial misstatement by WM during the relevant time period.

During the second quarter of 2010, the Court dismissed certain claims against individual defendants, including all claims against each of the current members of our Board of Directors. Recently, plaintiffs dismissed all claims related to the settlement of the securities class action against WM that was settled in 2002, and the court certified a limited class of participants who may bring claims on behalf of the plan, but not individually. After initially asserting broader claims as to the plan, the plaintiffs now purport to file their complaint on behalf of plan participants who invested in WM common stock during a time frame ended February 24, 1998. The lawsuit now names as defendants WM Holdings; the members of WM Holdings' Board of Directors prior to July 1998; the administrative and investments committees of the plan; and State Street Bank & Trust, the trustee and investment manager of the WM common stock fund available within the plan. Mr. Simpson, our Chief Financial Officer, is a named defendant in this action by virtue of his membership on the plan investment committee. The outcome of this lawsuit cannot be predicted with certainty, and these matters could impact the plan's net assets available for benefits. The plan and other defendants intend to defend themselves vigorously in this litigation.

Two separate wage and hour lawsuits were commenced in October 2006 and March 2007 that are pending against certain of our subsidiaries in California, each seeking class certification. The actions were coordinated to proceed in San Diego County Superior Court. Both lawsuits make the same general allegations that our subsidiaries failed to comply with certain California wage and hour laws, including allegedly failing to provide meal and rest periods and failing to properly pay hourly and overtime wages. We have executed a settlement agreement in connection with this matter. Following a hearing on July 15, 2011, the Court executed an order approving the class action settlement and judgement. We anticipate all the details with respect to the settlement will be resolved and finally approved this fall.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Additionally, in July 2008, we were named as a defendant in a purported class action in the Circuit Court of Bullock County, Alabama, which was subsequently removed to the United States District Court for the Northern District of Alabama. This suit pertains to our fuel and environmental charge in our customer service agreements and generally alleges that such charges were not properly disclosed, were unfair, and were contrary to contract. We filed a motion to dismiss that was partially granted during the third quarter of 2010, resulting in dismissal of the plaintiffs' RICO and national class action claims. We deny all of the claims asserted in this action and intend to continue to oppose class certification and will vigorously defend these matters. Given the inherent uncertainties of litigation, the ultimate outcome of these cases cannot be predicted at this time, nor can possible damages, if any, be reasonably estimated.

We often enter into contractual arrangements with landowners imposing obligations on us to meet certain regulatory or contractual conditions upon site closure or upon termination of the agreements. Compliance with these arrangements is inherently subject to subjective determinations and may result in disputes, including litigation. In May 2008, Mnoian Management, Inc. filed suit in Los Angeles County Superior Court seeking remediation and increased compaction of a site we had previously leased for landfill purposes. The parties are participating in arbitration and have exchanged plans to remediate the site's compaction fill. The Company believes it has valid defenses and will continue to vigorously defend these claims.

From time to time, we also are named as defendants in personal injury and property damage lawsuits, including purported class actions, on the basis of having owned, operated or transported waste to a disposal facility that is alleged to have contaminated the environment or, in certain cases, on the basis of having conducted environmental remediation activities at sites. Some of the lawsuits may seek to have us pay the costs of monitoring of allegedly affected sites and health care examinations of allegedly affected persons for a substantial period of time even where no actual damage is proven. While we believe we have meritorious defenses to these lawsuits, the ultimate resolution is often substantially uncertain due to the difficulty of determining the cause, extent and impact of alleged contamination (which may have occurred over a long period of time), the potential for successive groups of complainants to emerge, the diversity of the individual plaintiffs' circumstances, and the potential contribution or indemnification obligations of co-defendants or other third parties, among other factors.

As a large company with operations across the United States and Canada, we are subject to various proceedings, lawsuits, disputes and claims arising in the ordinary course of our business. Many of these actions raise complex factual and legal issues and are subject to uncertainties. Actions filed against us include commercial, customer, and employment-related claims, including, as noted above, purported class action lawsuits related to our customer service agreements and purported class actions involving federal and state wage and hour and other laws. The plaintiffs in some actions seek unspecified damages or injunctive relief, or both. These actions are in various procedural stages, and some are covered in part by insurance. We currently do not believe that any such actions will ultimately have a material adverse impact on our consolidated financial statements.

WM's charter and bylaws require indemnification of its officers and directors if statutory standards of conduct have been met and allow the advancement of expenses to these individuals upon receipt of an undertaking by the individuals to repay all expenses if it is ultimately determined that they did not meet the required standards of conduct. Additionally, WM has entered into separate indemnification agreements with each of the members of its Board of Directors as well as its President and Chief Executive Officer, and its Chief Financial Officer. The Company may incur substantial expenses in connection with the fulfillment of its advancement of costs and indemnification obligations in connection with current actions involving former officers of the Company or its subsidiaries or other actions or proceedings that may be brought against its former or current officers, directors and employees.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Item 103 of the SEC's Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings, or such proceedings are known to be contemplated, unless we reasonably believe that the matter will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. The following matters pending as of June 30, 2011 are disclosed in accordance with that requirement:

On April 4, 2006, the EPA issued a Notice of Violation ("NOV") to Waste Management of Hawaii, Inc., an indirect wholly-owned subsidiary of WM, and to the City and County of Honolulu for alleged violations of the federal Clean Air Act, based on alleged failure to submit certain reports and design plans required by the EPA, and the failure to begin and timely complete the installation of a gas collection and control system ("GCCS") for the Waimanalo Gulch Sanitary Landfill on Oahu. The EPA has also indicated that it will seek penalties and injunctive relief as part of the NOV enforcement for elevated landfill temperatures that were recorded after installation of the GCCS. The parties have been in confidential settlement negotiations. Pursuant to an indemnity agreement, any penalty assessed will be paid by the Company, and not by the City and County of Honolulu.

On February 25, 2011, the EPA issued an NOV to Chemical Waste Management, Inc.'s Kettleman Hills facility for alleged violations of the Resource Conservation and Recovery Act. The EPA has indicated it will seek civil penalties for the violations alleged, which relate primarily to management of landfill leachate, laboratory protocols, and the management and disposal of certain hazardous waste.

On April 11, 2011, Waste Management LampTracker, Inc.'s Kaiser, Missouri facility was notified that the EPA will be filing an administrative complaint and assessing civil penalties for alleged Resource Conservation and Recovery Act violations relating to container and facility management and the handling of certain waste.

Regarding a matter previously reported, three Wheelabrator Group subsidiaries have entered into a settlement with the Commonwealth of Massachusetts, resolving allegations of violations at Wheelabrator Group facilities in Saugus, North Andover and Millbury, Massachusetts. A consent judgment finalizing the settlement was approved by the Commonwealth of Massachusetts Superior Court on May 2, 2011. The settlement required the following payments, which were made as of June 30, 2011: \$4.5 million for creation of a fund to be distributed to municipal customers of the three facilities by the Massachusetts Office of the Attorney General; \$2 million for civil penalties arising from alleged violations of regulations and permit conditions; and \$500,000 as a donation to the Massachusetts Natural Resources Damages Trust. In addition, the Wheelabrator Group subsidiaries will fund \$500,000 in supplemental environmental projects.

*Multiemployer, Defined Benefit Pension Plans* — About 20% of our workforce is covered by collective bargaining agreements with various union locals across the United States and Canada. As a result of some of these agreements, certain of our subsidiaries are participating employers in a number of trustee-managed multiemployer, defined benefit pension plans for the affected employees. One of the most significant multiemployer pension plans in which we participate is the Central States Southeast and Southwest Areas Pension Plan ("Central States Pension Plan"), which has reported that it adopted a rehabilitation plan as a result of its actuarial certification for the plan year beginning January 1, 2008. The Central States Pension Plan is in "critical status," as defined by the Pension Protection Act of 2006.

In connection with our ongoing renegotiation of various collective bargaining agreements, we may discuss and negotiate for the complete or partial withdrawal from one or more of these pension plans. A complete or partial withdrawal from a multiemployer pension plan may also occur if employees covered by a collective bargaining agreement vote to decertify a union from continuing to represent them. We recognized charges to "Operating" expenses of \$28 million in the first quarter of 2010 associated with the withdrawal of three bargaining units from the Central States Pension Plan in connection with our negotiations of these unit's agreements. We are still negotiating and litigating final resolutions of our withdrawal liability for this withdrawal and previous withdrawals, which could be materially higher than the charges we have recognized. We do not believe that our withdrawals from the

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

multiemployer plans, individually or in the aggregate, will have a material adverse effect on our financial condition or liquidity. However, depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plans at the time of withdrawal, such withdrawals could materially affect our results of operations in the period of the withdrawal.

*Tax Matters* — We are currently in the examination phase of IRS audits for the tax years 2010 and 2011 and expect these audits to be completed within the next six and 18 months, respectively. We participate in the IRS's Compliance Assurance Program, which means we work with the IRS throughout the year in order to resolve any material issues prior to the filing of our year-end tax return. We are also currently undergoing audits by various state and local jurisdictions that date back to 2000. In the third quarter of 2010, we finalized audits in Canada through the 2005 tax year and are not currently under audit for any subsequent tax years. To provide for certain potential tax exposures, we maintain a liability for unrecognized tax benefits, the balance of which management believes is adequate. Results of audit assessments by taxing authorities are not currently expected to have a material adverse impact on our results of operations or cash flows.

**9. Segment and Related Information**

We currently manage and evaluate our operations primarily through our Eastern, Midwest, Southern, Western and Wheelabrator Groups. These five Groups are presented below as our reportable segments. Our four geographic operating Groups provide collection, transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We serve residential, commercial, industrial, and municipal customers throughout North America. The operations not managed through our five operating Groups are presented herein as "Other."

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Summarized financial information concerning our reportable segments for the three and six months ended June 30 is shown in the following table (in millions):

	Gross Operating Revenues	Intercompany Operating Revenues	Net Operating Revenues	Income from Operations
<b>Three Months Ended:</b>				
<b>June 30, 2011</b>				
Eastern	\$ 800	\$ (136)	\$ 664	\$ 141
Midwest	828	(126)	702	156
Southern	862	(105)	757	193
Western	825	(114)	711	142
Wheelabrator	226	(30)	196	42
Other	330	(13)	317	(21)
	<u>3,871</u>	<u>(524)</u>	<u>3,347</u>	<u>653</u>
Corporate and Other	—	—	—	(147)
Total	<u>\$ 3,871</u>	<u>\$ (524)</u>	<u>\$ 3,347</u>	<u>\$ 506</u>
<b>June 30, 2010</b>				
Eastern	\$ 774	\$ (140)	\$ 634	\$ 143
Midwest	780	(119)	661	141
Southern	876	(104)	772	206
Western	799	(112)	687	141
Wheelabrator	217	(29)	188	47
Other	225	(9)	216	(26)
	<u>3,671</u>	<u>(513)</u>	<u>3,158</u>	<u>652</u>
Corporate and Other	—	—	—	(66)
Total	<u>\$ 3,671</u>	<u>\$ (513)</u>	<u>\$ 3,158</u>	<u>\$ 586</u>
<b>Six Months Ended:</b>				
<b>June 30, 2011</b>				
Eastern	\$ 1,504	\$ (248)	\$ 1,256	\$ 261
Midwest	1,556	(232)	1,324	285
Southern	1,700	(203)	1,497	385
Western	1,615	(222)	1,393	282
Wheelabrator	436	(61)	375	55
Other	623	(18)	605	(35)
	<u>7,434</u>	<u>(984)</u>	<u>6,450</u>	<u>1,233</u>
Corporate and Other	—	—	—	(300)
Total	<u>\$ 7,434</u>	<u>\$ (984)</u>	<u>\$ 6,450</u>	<u>\$ 933</u>
<b>June 30, 2010</b>				
Eastern	\$ 1,459	\$ (253)	\$ 1,206	\$ 252
Midwest	1,474	(217)	1,257	223
Southern	1,699	(201)	1,498	406
Western	1,563	(215)	1,348	270
Wheelabrator	423	(60)	363	83
Other	440	(19)	421	(55)
	<u>7,058</u>	<u>(965)</u>	<u>6,093</u>	<u>1,179</u>
Corporate and Other	—	—	—	(181)
Total	<u>\$ 7,058</u>	<u>\$ (965)</u>	<u>\$ 6,093</u>	<u>\$ 998</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fluctuations in our operating results may be caused by many factors, including period-to-period changes in the relative contribution of revenue by each line of business and operating segment and by general economic conditions. In addition, our revenues and income from operations typically reflect seasonal patterns. Our operating revenues normally tend to be somewhat higher in the summer months, primarily due to the traditional seasonal increase in the volume of construction and demolition waste. Historically, the volumes of industrial and residential waste in certain regions in which we operate have tended to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Additionally, certain destructive weather conditions that tend to occur during the second half of the year, such as hurricanes that most often impact our Southern Group, can actually increase our revenues in the areas affected. While weather-related and other “one-time” occurrences can boost revenues through additional work, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins. Certain weather conditions, including severe winter storms, may result in the temporary suspension of our operations, which can significantly affect the operating results of the affected regions. The operating results of our first quarter also often reflect higher repair and maintenance expenses because we rely on the slower winter months, when waste flows are generally lower, to perform scheduled maintenance at our waste-to-energy facilities.

From time to time, the operating results of our reportable segments are significantly affected by unusual or infrequent transactions or events. During the first quarter of 2010, our Midwest Group recognized a \$28 million charge as a result of bargaining unit employees in Michigan and Ohio agreeing to our proposal to withdraw them from an underfunded multiemployer pension plan. Refer to Note 8 for additional information related to our participation in multiemployer pension plans.

**10. (Income) Expense from Divestitures, Asset Impairments and Unusual Items**

We filed a lawsuit in March 2008 related to the revenue management software implementation that was suspended in 2007 and abandoned in 2009. Accordingly, in 2009, we recognized a non-cash charge of \$51 million for the abandonment of the licensed software. In April 2010, we settled the lawsuit and received a one-time cash payment. The settlement increased our “Income from operations” for the three and six months ended June 30, 2010 by \$77 million.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Fair Value Measurements

*Assets and Liabilities Accounted for at Fair Value*

Our assets and liabilities that are measured at fair value on a recurring basis include the following (in millions):

	Total	Fair Value Measurements at June 30, 2011 Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Cash equivalents	\$ 326	\$ 326	\$ —	\$ —
Available-for-sale securities	142	142	—	—
Interest rate derivatives	50	—	50	—
<b>Total assets</b>	<b>\$ 518</b>	<b>\$ 468</b>	<b>\$ 50</b>	<b>\$ —</b>
<b>Liabilities:</b>				
Electricity commodity derivatives	\$ 2	\$ —	\$ 2	\$ —
Interest rate derivatives	22	—	22	—
Foreign currency derivatives	17	—	17	—
<b>Total liabilities</b>	<b>\$ 41</b>	<b>\$ —</b>	<b>\$ 41</b>	<b>\$ —</b>
<b>Fair Value Measurements at December 31, 2010 Using</b>				
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Cash equivalents	\$ 468	\$ 468	\$ —	\$ —
Available-for-sale securities	148	148	—	—
Interest rate derivatives	38	—	38	—
<b>Total assets</b>	<b>\$ 654</b>	<b>\$ 616</b>	<b>\$ 38</b>	<b>\$ —</b>
<b>Liabilities:</b>				
Electricity commodity derivatives	\$ 1	\$ —	\$ 1	\$ —
Interest rate derivatives	24	—	24	—
Foreign currency derivatives	3	—	3	—
<b>Total liabilities</b>	<b>\$ 28</b>	<b>\$ —</b>	<b>\$ 28</b>	<b>\$ —</b>

*Fair Value of Debt*

At June 30, 2011, the carrying value of our debt was approximately \$9.0 billion compared with \$8.9 billion at December 31, 2010. The carrying value of our debt includes adjustments for both the unamortized fair value adjustments related to terminated hedge arrangements and fair value adjustments of debt instruments that are currently hedged.

The estimated fair value of our debt was approximately \$9.6 billion at June 30, 2011 and approximately \$9.2 billion at December 31, 2010. The estimated fair value of our senior notes is based on quoted market prices. The carrying value of remarketable debt approximates fair value due to the short-term nature of the interest rates.

## WASTE MANAGEMENT, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair value of our other debt is estimated using discounted cash flow analysis, based on rates we would currently pay for similar types of instruments.

Although we have determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or holders of the instruments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values. The fair value estimates are based on information available as of June 30, 2011 and December 31, 2010. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

**12. Variable Interest Entities**

Following is a description of our financial interests in variable interest entities that we consider significant, including (i) those for which we have determined that we are the primary beneficiary of the entity and, therefore, have consolidated the entities into our financial statements; and (ii) those that represent a significant interest in an unconsolidated entity.

***Consolidated Variable Interest Entities***

***Waste-to-Energy LLCs*** — In June 2000, two limited liability companies were established to purchase interests in existing leveraged lease financings at three waste-to-energy facilities that we lease, operate and maintain. We own a 0.5% interest in one of the LLCs ("LLC I") and a 0.25% interest in the second LLC ("LLC II"). John Hancock Life Insurance Company owns 99.5% of LLC I and 99.75% of LLC II is owned by LLC I and the CIT Group. In 2000, Hancock and CIT made an initial investment of \$167 million in the LLCs, which was used to purchase the three waste-to-energy facilities and assume the seller's indebtedness. Under the LLC agreements, the LLCs shall be dissolved upon the occurrence of any of the following events: (i) a written decision of all members of the LLCs; (ii) December 31, 2063; (iii) a court's dissolution of the LLCs; or (iv) the LLCs ceasing to own any interest in the waste-to-energy facilities.

Income, losses and cash flows of the LLCs are allocated to the members based on their initial capital account balances until Hancock and CIT achieve targeted returns; thereafter, we will receive 80% of the earnings of each of the LLCs and Hancock and CIT will be allocated the remaining 20% proportionate to their respective ownership interests. All capital allocations made through June 30, 2011 have been based on initial capital account balances as the target returns have not yet been achieved.

Our obligations associated with our interests in the LLCs are primarily related to the lease of the facilities. In addition to our minimum lease payment obligations, we are required to make cash payments to the LLCs for differences between fair market rents and our minimum lease payments. These payments are subject to adjustment based on factors that include the fair market value of rents for the facilities and lease payments made through the re-measurement dates. In addition, we may also be required under certain circumstances to make capital contributions to the LLCs based on differences between the fair market value of the facilities and defined termination values as provided for in the underlying lease agreements, although we believe the likelihood of the occurrence of these circumstances is remote.

We have determined that we are the primary beneficiary of the LLCs and consolidate these entities in our Consolidated Financial Statements because (i) all of the equity owners of the LLCs are considered related parties for purposes of applying this accounting guidance; (ii) the equity owners share power over the significant activities of the LLCs; and (iii) we are the entity within the related party group whose activities are most closely associated with the LLCs.

As of June 30, 2011, our Condensed Consolidated Balance Sheet includes \$313 million of net property and equipment associated with the LLCs' waste-to-energy facilities and \$243 million in noncontrolling interests

## WASTE MANAGEMENT, INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

associated with Hancock's and CIT's interests in the LLCs. As of June 30, 2011, all debt obligations of the LLCs have been paid in full and, therefore, the LLCs have no liabilities. We recognized reductions in earnings of \$12 million and \$25 million for the three and six months ended June 30, 2011 and 2010, respectively, for Hancock's and CIT's noncontrolling interests in the LLCs' earnings. The LLCs' earnings relate to the rental income generated from leasing the facilities to our subsidiaries, reduced by depreciation expense. The LLCs' rental income is eliminated in WM's consolidation.

**Significant Unconsolidated Variable Interest Entities**

*Investment in Refined Coal Facility* — In January 2011, we acquired a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility. Along with the other equity investor, we support the operations of the entity in exchange for a pro-rata share of the tax credits it generates. Our initial consideration for this investment consisted of a cash payment of \$48 million. At June 30, 2011, our investment balance was \$43 million, representing our current maximum pre-tax exposure to loss. Under the terms and conditions of the transaction, we do not believe that we have any material exposure to loss. Future contributions will commence once certain levels of tax credits have been generated and will continue through the expiration of the tax credits under Section 45 of the Internal Revenue Code, which occurs at the end of 2019. We are only obligated to make future contributions to the extent tax credits are generated. We determined that we are not the primary beneficiary of this entity as we do not have the power to individually direct the entity's activities. Accordingly, we account for this investment under the equity method of accounting and do not consolidate the entity. Additional information related to this investment is discussed in Note 5.

*Investment in Federal Low-income Housing Tax Credits* — In April 2010, we acquired a noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties. We support the operations of the entity in exchange for a pro-rata share of the tax credits it generates. Our target return on the investment is guaranteed and, therefore, we do not believe that we have any material exposure to loss. Our consideration for this investment totaled \$221 million, which was comprised of a \$215 million note payable and an initial cash payment of \$6 million. At June 30, 2011, our investment balance was \$190 million and our debt balance was \$187 million. We determined that we are not the primary beneficiary of this entity as we do not have the power to individually direct the entity's activities. Accordingly, we account for this investment under the equity method of accounting and do not consolidate the entity. Additional information related to this investment is discussed in Note 5.

*Trusts for Final Capping, Closure, Post-Closure or Environmental Remediation Obligations* — We have significant financial interests in trust funds that were created to settle certain of our final capping, closure, post-closure or environmental remediation obligations. We have determined that we are not the primary beneficiary of certain of these trust funds because power over the trusts' significant activities is shared.

Our interests in these variable interest entities are accounted for as equity investments in unconsolidated entities and receivables. These amounts are recorded in "Other receivables" and as long-term "Other assets" in our Condensed Consolidated Balance Sheet. Our investments and receivables related to the trusts had an aggregate carrying value of \$105 million as of June 30, 2011. We reflect our interests in the unrealized gains and losses on marketable securities held by these trusts as a component of "Accumulated other comprehensive income."

As the party with primary responsibility to fund the related final capping, closure, post-closure or environmental remediation activities, we are exposed to risk of loss as a result of potential changes in the fair value of the assets of the trust. The fair value of trust assets can fluctuate due to (i) changes in the market value of the investments held by the trusts and (ii) credit risk associated with trust receivables. Although we are exposed to changes in the fair value of the trust assets, we currently expect the trust funds to continue to meet the statutory requirements for which they were established.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. Condensed Consolidating Financial Statements

WM Holdings has fully and unconditionally guaranteed all of WM's senior indebtedness. WM has fully and unconditionally guaranteed all of WM Holdings' senior indebtedness. None of WM's other subsidiaries have guaranteed any of WM's or WM Holdings' debt. As a result of these guarantee arrangements, we are required to present the following condensed consolidating financial information (in millions):

CONDENSED CONSOLIDATING BALANCE SHEETS

June 30, 2011  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 325	\$ —	\$ 46	\$ —	\$ 371
Other current assets	6	—	1,997	—	2,003
	331	—	2,043	—	2,374
Property and equipment, net	—	—	11,919	—	11,919
Investments in and advances to affiliates	11,310	14,261	3,135	(28,706)	—
Other assets	114	12	7,164	—	7,290
Total assets	<u>\$ 11,755</u>	<u>\$ 14,273</u>	<u>\$ 24,261</u>	<u>\$ (28,706)</u>	<u>\$ 21,583</u>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities:					
Current portion of long-term debt	\$ 35	\$ —	\$ 163	\$ —	\$ 198
Accounts payable and other current liabilities	84	13	2,000	—	2,097
	119	13	2,163	—	2,295
Long-term debt, less current portion	5,323	449	3,067	—	8,839
Other liabilities	22	—	3,804	—	3,826
Total liabilities	5,464	462	9,034	—	14,960
Equity:					
Stockholders' equity	6,291	13,811	14,895	(28,706)	6,291
Noncontrolling interests	—	—	332	—	332
	6,291	13,811	15,227	(28,706)	6,623
Total liabilities and equity	<u>\$ 11,755</u>	<u>\$ 14,273</u>	<u>\$ 24,261</u>	<u>\$ (28,706)</u>	<u>\$ 21,583</u>

WASTE MANAGEMENT, INC.  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS — (Continued)

December 31, 2010

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 465	\$ —	\$ 74	\$ —	\$ 539
Other current assets	4	1	1,938	—	1,943
	469	1	2,012	—	2,482
Property and equipment, net	—	—	11,868	—	11,868
Investments in and advances to affiliates	10,757	13,885	2,970	(27,612)	—
Other assets	91	12	7,023	—	7,126
Total assets	<u>\$ 11,317</u>	<u>\$ 13,898</u>	<u>\$ 23,873</u>	<u>\$ (27,612)</u>	<u>\$ 21,476</u>
<b>LIABILITIES AND EQUITY</b>					
Current liabilities:					
Current portion of long-term debt	\$ —	\$ 1	\$ 232	\$ —	\$ 233
Accounts payable and other current liabilities	93	17	2,142	—	2,252
	93	18	2,374	—	2,485
Long-term debt, less current portion	4,951	596	3,127	—	8,674
Other liabilities	13	—	3,713	—	3,726
Total liabilities	5,057	614	9,214	—	14,885
Equity:					
Stockholders' equity	6,260	13,284	14,328	(27,612)	6,260
Noncontrolling interests	—	—	331	—	331
	6,260	13,284	14,659	(27,612)	6,591
Total liabilities and equity	<u>\$ 11,317</u>	<u>\$ 13,898</u>	<u>\$ 23,873</u>	<u>\$ (27,612)</u>	<u>\$ 21,476</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Three Months Ended June 30, 2011  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	\$ —	\$ —	\$ 3,347	\$ —	\$ 3,347
Costs and expenses	—	—	2,841	—	2,841
Income from operations	—	—	506	—	506
Other income (expense):					
Interest income (expense)	(86)	(8)	(23)	—	(117)
Equity in subsidiaries, net of taxes	290	295	—	(585)	—
Other, net	—	—	(8)	—	(8)
	204	287	(31)	(585)	(125)
Income before income taxes	204	287	475	(585)	381
Provision for (benefit from) income taxes	(33)	(3)	167	—	131
Consolidated net income	237	290	308	(585)	250
Less: Net income attributable to noncontrolling interests	—	—	13	—	13
Net income attributable to Waste Management, Inc.	\$ 237	\$ 290	\$ 295	\$ (585)	\$ 237

Three Months Ended June 30, 2010  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	\$ —	\$ —	\$ 3,158	\$ —	\$ 3,158
Costs and expenses	—	—	2,572	—	2,572
Income from operations	—	—	586	—	586
Other income (expense):					
Interest income (expense)	(78)	(9)	(27)	—	(114)
Equity in subsidiaries, net of taxes	293	299	—	(592)	—
Other, net	—	—	(8)	—	(8)
	215	290	(35)	(592)	(122)
Income before income taxes	215	290	551	(592)	464
Provision for (benefit from) income taxes	(31)	(3)	240	—	206
Consolidated net income	246	293	311	(592)	258
Less: Net income attributable to noncontrolling interests	—	—	12	—	12
Net income attributable to Waste Management, Inc.	\$ 246	\$ 293	\$ 299	\$ (592)	\$ 246

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS — (Continued)

Six Months Ended June 30, 2011  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	\$ —	\$ —	\$ 6,450	\$ —	\$ 6,450
Costs and expenses	—	—	5,517	—	5,517
Income from operations	—	—	933	—	933
Other income (expense):					
Interest income (expense)	(171)	(17)	(47)	—	(235)
Equity in subsidiaries, net of taxes	527	537	—	(1,064)	—
Other, net	—	—	(11)	—	(11)
	356	520	(58)	(1,064)	(246)
Income before income taxes	356	520	875	(1,064)	687
Provision for (benefit from) income taxes	(67)	(7)	315	—	241
Consolidated net income	423	527	560	(1,064)	446
Less: Net income attributable to noncontrolling interests	—	—	23	—	23
Net income attributable to Waste Management, Inc.	\$ 423	\$ 527	\$ 537	\$ (1,064)	\$ 423

Six Months Ended June 30, 2010  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	\$ —	\$ —	\$ 6,093	\$ —	\$ 6,093
Costs and expenses	—	—	5,095	—	5,095
Income from operations	—	—	998	—	998
Other income (expense):					
Interest income (expense)	(153)	(19)	(54)	—	(226)
Equity in subsidiaries, net of taxes	521	533	—	(1,054)	—
Other, net	—	—	(6)	—	(6)
	368	514	(60)	(1,054)	(232)
Income before income taxes	368	514	938	(1,054)	766
Provision for (benefit from) income taxes	(60)	(7)	383	—	316
Consolidated net income	428	521	555	(1,054)	450
Less: Net income attributable to noncontrolling interests	—	—	22	—	22
Net income attributable to Waste Management, Inc.	\$ 428	\$ 521	\$ 533	\$ (1,054)	\$ 428

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Six Months Ended June 30, 2011  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Consolidated net income	\$ 423	\$ 527	\$ 560	\$ (1,064)	\$ 446
Equity in earnings of subsidiaries, net of taxes	(527)	(537)	—	1,064	—
Other adjustments	2	(3)	633	—	632
Net cash provided by (used in) operating activities	<u>(102)</u>	<u>(13)</u>	<u>1,193</u>	<u>—</u>	<u>1,078</u>
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(157)	—	(157)
Capital expenditures	—	—	(596)	—	(596)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	—	—	13	—	13
Net receipts from restricted trust and escrow accounts and other, net	(5)	—	(79)	—	(84)
Net cash used in investing activities	<u>(5)</u>	<u>—</u>	<u>(819)</u>	<u>—</u>	<u>(824)</u>
Cash flows from financing activities:					
New borrowings	396	—	8	—	404
Debt repayments	—	(147)	(167)	—	(314)
Common stock repurchases	(168)	—	—	—	(168)
Cash dividends	(323)	—	—	—	(323)
Exercise of common stock options	35	—	—	—	35
Distributions paid to noncontrolling interests and other	(10)	—	(49)	—	(59)
(Increase) decrease in intercompany and investments, net	37	160	(197)	—	—
Net cash provided by (used in) financing activities	<u>(33)</u>	<u>13</u>	<u>(405)</u>	<u>—</u>	<u>(425)</u>
Effect of exchange rate changes on cash and cash equivalents	—	—	3	—	3
Decrease in cash and cash equivalents	(140)	—	(28)	—	(168)
Cash and cash equivalents at beginning of period	465	—	74	—	539
Cash and cash equivalents at end of period	<u>\$ 325</u>	<u>\$ —</u>	<u>\$ 46</u>	<u>\$ —</u>	<u>\$ 371</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS — (Continued)

Six Months Ended June 30, 2010  
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Consolidated net income	\$ 428	\$ 521	\$ 555	\$ (1,054)	\$ 450
Equity in earnings of subsidiaries, net of taxes	(521)	(533)	—	1,054	—
Other adjustments	9	(2)	519	—	526
Net cash provided by (used in) operating activities	(84)	(14)	1,074	—	976
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(237)	—	(237)
Capital expenditures	—	—	(475)	—	(475)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	—	—	27	—	27
Net receipts from restricted trust and escrow accounts and other, net	—	—	(138)	—	(138)
Net cash used in investing activities	—	—	(823)	—	(823)
Cash flows from financing activities:					
New borrowings	592	—	114	—	706
Debt repayments	(17)	(35)	(161)	—	(213)
Common stock repurchases	(286)	—	—	—	(286)
Cash dividends	(305)	—	—	—	(305)
Exercise of common stock options	13	—	—	—	13
Distributions paid to noncontrolling interests and other	(13)	—	(25)	—	(38)
(Increase) decrease in intercompany and investments, net	39	52	(91)	—	—
Net cash provided by (used in) financing activities	23	17	(163)	—	(123)
Effect of exchange rate changes on cash and cash equivalents	—	—	(1)	—	(1)
Increase (decrease) in cash and cash equivalents	(61)	3	87	—	29
Cash and cash equivalents at beginning of period	1,093	—	47	—	1,140
Cash and cash equivalents at end of period	<u>\$ 1,032</u>	<u>\$ 3</u>	<u>\$ 134</u>	<u>\$ —</u>	<u>\$ 1,169</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**14. New Accounting Pronouncement Pending Adoption**

*Fair Value Measurement* — In May 2011, the FASB amended authoritative guidance associated with fair value measurements. This amended guidance defines certain requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. generally accepted accounting principles. The amendments to authoritative guidance associated with fair value measurements are effective for the Company on January 1, 2012 and are to be applied prospectively. We are in the process of assessing the provisions of this new guidance and currently do not expect that the adoption will have a material impact on our consolidated financial statements.

**15. Subsequent Event**

On July 28, 2011, we acquired Oakleaf Global Holdings and its primary operations for \$425 million, subject to certain working capital and other adjustments. The acquisition was funded with a combination of cash on hand and cash borrowed under our \$2.0 billion revolving credit facility.

The acquired operations of Oakleaf Global Holdings, a privately-owned waste services company providing outsourced waste and recycling services through a nationwide network of third-party haulers, generated approximately \$580 million in revenues in 2010. We acquired Oakleaf Global Holdings to advance our growth and transformation strategies. The acquisition is intended to increase our national accounts customer base and enhance our ability to provide comprehensive environmental solutions.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included under Item 1 and our Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2010.

In an effort to keep our stockholders and the public informed about our business, we may make "forward-looking statements." Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words, "will," "may," "should," "continue," "anticipate," "believe," "expect," "plan," "forecast," "project," "estimate," "intend," and words of similar nature and generally include statements containing:

- projections about accounting and finances;
- plans and objectives for the future;
- projections or estimates about assumptions relating to our performance; or
- our opinions, views or beliefs about the effects of current or future events, circumstances or performance.

You should view these statements with caution. These statements are not guarantees of future performance, circumstances or events. They are based on the facts and circumstances known to us as of the date the statements are made. All phases of our business are subject to uncertainties, risks and other influences, many of which we do not control. Any of these factors, either alone or taken together, could have a material adverse effect on us and could change whether any forward-looking statement ultimately turns out to be true. Additionally, we assume no obligation to update any forward-looking statement as a result of future events, circumstances or developments. The following discussion should be read together with the Condensed Consolidated Financial Statements and the notes thereto.

Some of the risks that we face and that could affect our financial statements for 2011 and beyond and that could cause actual results to be materially different from those that may be set forth in forward-looking statements made by the Company include the following:

- volatility and deterioration in the credit markets, inflation and other general and local economic conditions may negatively affect the volumes of waste generated;
- competition may negatively affect our profitability or cash flows, our pricing strategy may have negative effects on volumes, and inability to execute our pricing strategy in order to retain and attract customers may negatively affect our average yield on collection and disposal business;
- increasing use by customers of alternatives to traditional disposal, government mandates requiring recycling and prohibiting disposal of certain types of waste, and overall reduction of waste generated could continue to have a negative effect on volumes of waste going to landfills and waste-to-energy facilities;
- we may fail in implementing our optimization initiatives and business strategy, which could adversely impact our financial performance and growth;
- weather conditions and one-time special projects cause our results to fluctuate, and harsh weather or natural disasters may cause us to temporarily suspend operations;
- possible changes in our estimates of costs for site remediation requirements, final capping, closure and post-closure obligations, compliance and regulatory developments may increase our expenses;
- regulations may negatively impact our business by, among other things, restricting our operations, increasing costs of operations or requiring additional capital expenditures;
- climate change legislation, including possible limits on carbon emissions, may negatively impact our results of operations by increasing expenses related to tracking, measuring and reporting our greenhouse gas emissions and increasing operating costs and capital expenditures that may be required to comply with any such legislation;

- if we are unable to obtain and maintain permits needed to open, operate, and/or expand our facilities, our results of operations will be negatively impacted;
- limitations or bans on disposal or transportation of out-of-state, cross-border, or certain categories of waste, as well as mandates on the disposal of waste, can increase our expenses and reduce our revenue;
- adverse publicity (whether or not justified) relating to activities by our operations, employees or agents could tarnish our reputation and reduce the value of our brand;
- fuel price increases or fuel supply shortages may increase our expenses or restrict our ability to operate;
- some of our customers, including governmental entities, have suffered financial difficulties that could affect our business and operating results, due to their credit risk and the impact of the municipal debt market on remarketing of our tax-exempt bonds;
- increased costs or the inability to obtain financial assurance or the inadequacy of our insurance coverage could negatively impact our liquidity and increase our liabilities;
- possible charges as a result of shut-down operations, uncompleted development or expansion projects or other events may negatively affect earnings;
- fluctuations in commodity prices may have negative effects on our operating results;
- efforts by labor unions to organize our employees may increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to labor disruptions, including strikes and lock-outs, which could adversely affect our results of operations and cash flows;
- we could face significant liability for withdrawal from multiemployer pension plans;
- negative outcomes of litigation or threatened litigation or governmental proceedings may increase our costs, limit our ability to conduct or expand our operations, or limit our ability to execute our business plans and strategies;
- problems with the operation of our current information technology or the development and deployment of new information systems could decrease our efficiencies and increase our costs;
- our existing and proposed service offerings to customers may require that we develop or license, and protect, new technologies; and our inability to obtain or protect new technologies could impact our services to customers and development of new revenue sources;
- the adoption of new accounting standards or interpretations may cause fluctuations in reported quarterly results of operations or adversely impact our reported results of operations;
- we may reduce or suspend capital expenditures, acquisition activity, dividend declarations or share repurchases if we suffer a significant reduction in cash flows; and
- we may be unable to incur future indebtedness on terms we deem acceptable or to refinance our debt obligations, including near-term maturities, on acceptable terms and higher interest rates and market conditions may increase our expenses.

#### **General**

Our principal executive offices are located at 1001 Fannin Street, Suite 4000, Houston, Texas 77002. Our telephone number at that address is (713) 512-6200. Our website address is [www.wm.com](http://www.wm.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K are all available, free of charge, on our website as soon as practicable after we file the reports with the SEC. Our stock is traded on the New York Stock Exchange under the symbol "WM."

We are the leading provider of comprehensive waste management services in North America. Our subsidiaries provide collection, transfer, recycling and disposal services. We are also a leading developer, operator and owner of

waste-to-energy and landfill gas-to-energy facilities in the United States. Our customers include residential, commercial, industrial and municipal customers throughout North America.

#### Overview

Our strategic focus is centered on three long-term goals: know more about our customers and how to service them than anyone else; use conversion and processing technology to extract more value from the materials we manage; and continuously improve our operational efficiency. Our strategy considers the increasing focus on waste reduction at the source and diversion from landfills as customers seek alternative methods of disposal. Accordingly, our strategic focus is reflective of current developments in our industry. We intend to pursue achievement of our long-term goals in the short-term through efforts to:

- Grow our markets by implementing customer-focused growth, through customer segmentation and through strategic acquisitions, while maintaining our pricing discipline and increasing the amount of recyclable materials we handle each year;
- Grow our customer loyalty;
- Grow into new markets by investing in greener technologies; and
- Pursue initiatives that improve our operations and cost structure.

These efforts will be enabled by improved information technologies. We believe that execution of our strategy, including making the investments required by our strategy, will provide long-term value to our stockholders.

Our second quarter 2011 results of operations reflect the impact of improved recyclable commodity prices and recycling volumes, our discipline in pricing and our continued investment in our strategic initiatives. Highlights of our financial results for the current quarter include:

- Revenues of \$3,347 million compared with \$3,158 million in the second quarter of 2010, an increase of \$189 million, or 6.0%. This increase in revenues is primarily attributable to:
  - Internal revenue growth from yield on our collection and disposal business of 1.6% in the current period, which increased revenue by \$43 million;
  - Increases from recyclable commodity prices of \$74 million; increases primarily from our fuel surcharge program of \$53 million; and increases from foreign currency translation of \$12 million; and
  - Increases associated with acquired businesses of \$57 million;
- Internal revenue growth from volume was negative 1.7%, compared with negative 2.9% in 2010. In addition to the lower rate of decline driven by changes in the economy, we experienced an increase in recycling volumes in both our brokerage business and our material recovery facilities. The year-over-year decline in internal revenue growth due to volume was \$52 million;
- Operating expenses of \$2,140 million, or 63.9% of revenues, compared with \$1,996 million, or 63.2% of revenues, in the second quarter of 2010. This increase of \$144 million, or 7.2%, is due primarily to higher customer rebates because of higher recyclable commodity prices, higher fuel prices, and increases resulting from acquisitions and growth initiatives, all of which have related revenue increases as noted above. We also experienced increases in maintenance and repairs and our risk management costs. These cost increases were partially offset by a decrease in environmental remediation expense;
- Selling, general and administrative expenses increased by \$37 million, or 10.7%, from \$345 million in the second quarter of 2010 to \$382 million in the second quarter of 2011, largely due to the support of our strategic growth plans and optimization initiatives. We expect to begin to see the associated benefits in the third quarter and expect the benefits to accelerate into future quarters;
- Income from operations of \$506 million, or 15.1% of revenues, compared with \$586 million, or 18.6% of revenues, in the second quarter of 2010; and

- Net income attributable to Waste Management, Inc. of \$237 million, or \$0.50 per diluted share, as compared with \$246 million, or \$0.51 per diluted share in the second quarter of 2010. The comparability of our diluted earnings per share has been affected by the following items that occurred in the second quarter of 2010:
  - The recognition of a pre-tax cash benefit of \$77 million related to the settlement of a lawsuit related to the abandonment of revenue management software, which had a favorable impact of \$0.10 on our diluted earnings per share;
  - The recognition of a tax charge of \$37 million principally related to refinements in estimates of our deferred state income taxes, which had a negative impact of \$0.08 on our diluted earnings per share; and
  - The recognition of a pre-tax non-cash charge of \$39 million related to increases in our environmental remediation reserves principally related to two landfill sites, which had a negative impact of \$0.05 on our diluted earnings per share.

We intend to continue our commitment to investing in and executing our strategy. On the revenue front, we anticipated that our second quarter revenue growth from yield would decrease from our first quarter revenue growth from yield; however, the degree of decline exceeded our expectations. Consequently, we are immediately taking pricing actions intended to increase our yield over the remainder of 2011 and, as a result, we continue to expect our overall revenue growth from yield to be approximately 2.0% for the full year. Additionally, based on our results in the first half of 2011 and our economic outlook for the remainder of the year, we now expect our revenue growth from volumes to be in the range of negative 1.5% to negative 2.5% for the full year.

**Free Cash Flow**

As is our practice, we are presenting free cash flow, which is a non-GAAP measure of liquidity, in our disclosures because we use this measure in the evaluation and management of our business. We define free cash flow as net cash provided by operating activities, less capital expenditures, plus proceeds from divestitures of businesses (net of cash divested) and other sales of assets. We also believe it is indicative of our ability to pay our quarterly dividends, repurchase common stock, fund acquisitions and other investments and, in the absence of refinancings, to repay our debt obligations. Free cash flow is not intended to replace “Net cash provided by operating activities,” which is the most comparable U.S. GAAP measure. However, we believe free cash flow gives investors greater insight into how we view our liquidity. Nonetheless, the use of free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that we have committed to, such as declared dividend payments and debt service requirements.

Our calculation of free cash flow and reconciliation to “Net cash provided by operating activities,” is shown in the table below (in millions), and may not be the same as similarly-titled measures presented by other companies:

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net cash provided by operating activities	\$ 478	\$ 480	\$ 1,078	\$ 976
Capital expenditures	(280)	(220)	(596)	(475)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	8	15	13	27
Free cash flow	<u>\$ 206</u>	<u>\$ 275</u>	<u>\$ 495</u>	<u>\$ 528</u>

When comparing our cash flow from operating activities for the three months and six months ended June 30, 2011 to the comparable periods in 2010, decreases in our income tax payments have positively affected our cash flow from operations this year, offset partially by a favorable cash benefit of \$77 million in the prior year resulting from a litigation settlement in April 2010. The increase in capital expenditures when comparing the first half of 2011 with the prior year period can generally be attributed to timing differences associated with cash payments for the previous years’ fourth quarter capital spending. We generally use a significant portion of our free cash flow on capital spending in the fourth quarter of each year. A more significant portion of our fourth quarter 2010 spending was paid in cash in the first quarter of 2011 than in the preceding year.

**Adoption of New Accounting Pronouncements**

*Multiple-Deliverable Revenue Arrangements* — In October 2009, the Financial Accounting Standards Board (“FASB”) amended authoritative guidance associated with multiple-deliverable revenue arrangements. This amended guidance addresses the determination of when individual deliverables within an arrangement are required to be treated as separate units of accounting and modifies the manner in which consideration is allocated across the separately identifiable deliverables. The amendments to authoritative guidance associated with multiple-deliverable revenue arrangements became effective for the Company on January 1, 2011. The new accounting standard has been applied prospectively to arrangements entered into or materially modified after the date of adoption. The adoption of this guidance has not had a material impact on our consolidated financial statements. However, our adoption of this guidance may significantly impact our accounting and reporting for future revenue arrangements to the extent they are material.

**Critical Accounting Estimates and Assumptions**

In preparing our financial statements, we make numerous estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methods. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. In preparing our financial statements, the most difficult, subjective and complex estimates and the assumptions that present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims, as described in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2010. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

**Subsequent Event — Acquisition of Oakleaf Global Holdings**

On July 28, 2011, we acquired Oakleaf Global Holdings and its primary operations for \$425 million, subject to certain working capital and other adjustments. The acquisition was funded with a combination of cash on hand and cash borrowed under our \$2.0 billion revolving credit facility.

The acquired operations of Oakleaf Global Holdings, a privately-owned waste services company providing outsourced waste and recycling services through a nationwide network of third-party haulers, generated approximately \$580 million in revenues in 2010. We acquired Oakleaf Global Holdings to advance our growth and transformation strategies. The acquisition is intended to increase our national accounts customer base and enhance our ability to provide comprehensive environmental solutions.

**Results of Operations**

**Operating Revenues**

We manage and evaluate our principal operations through five Groups. Our four geographic Groups, comprised of our Eastern, Midwest, Southern and Western Groups, provide collection, transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants.

We also provide additional services that are not managed through our five Groups, including recycling brokerage services, electronic recycling services, in-plant services, landfill gas-to-energy services, integrated medical waste services and the impacts of investments that we are making in expanded service offerings and solutions. Part of our expansion of services includes offering portable self-storage services; and fluorescent bulb and universal waste mail-back through our LampTracker® program. In addition, we have made investments that involve the acquisition and development of interests in oil and gas producing properties, and we will continue to consider similar investments in the future. These operations are presented as “Other” in the table below. Shown

below (in millions) is the contribution to revenues during each period provided by our five Groups and our Other services:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Eastern	\$ 800	\$ 774	\$ 1,504	\$ 1,459
Midwest	828	780	1,556	1,474
Southern	862	876	1,700	1,699
Western	825	799	1,615	1,563
Wheelabrator	226	217	436	423
Other	330	225	623	440
Intercompany	(524)	(513)	(984)	(965)
Total	<u>\$ 3,347</u>	<u>\$ 3,158</u>	<u>\$ 6,450</u>	<u>\$ 6,093</u>

The mix of operating revenues from our major lines of business is reflected in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Collection	\$ 2,116	\$ 2,082	\$ 4,137	\$ 4,056
Landfill	671	664	1,250	1,226
Transfer	334	351	628	663
Wheelabrator	226	217	436	423
Recycling	419	281	789	550
Other	105	76	194	140
Intercompany	(524)	(513)	(984)	(965)
Total	<u>\$ 3,347</u>	<u>\$ 3,158</u>	<u>\$ 6,450</u>	<u>\$ 6,093</u>

The following table provides details associated with the period-to-period change in revenues (dollars in millions) along with an explanation of the significant components of the current period changes:

	Period-to-Period Change for the Three Months Ended June 30, 2011 vs. 2010		Period-to-Period Change for the Six Months Ended June 30, 2011 vs. 2010	
	Amount	As a % of Total Company(a)	Amount	As a % of Total Company(a)
Average yield(b)	\$ 173	5.5%	\$ 335	5.5%
Volume	(52)	(1.7)	(103)	(1.7)
Internal revenue growth	121	3.8	232	3.8
Acquisitions	57	1.8	105	1.7
Divestitures	(1)	—	(1)	—
Foreign currency translation	12	0.4	21	0.4
	<u>\$ 189</u>	<u>6.0%</u>	<u>\$ 357</u>	<u>5.9%</u>

(a) Calculated by dividing the amount of current period increase or decrease by the prior period's total Company revenue adjusted to exclude the impacts of divestitures for the current period (\$3,157 million and \$6,092 million for the three- and six-month periods, respectively).

- (b) The amounts reported herein represent the changes in our revenue attributable to average yield for the total Company. We analyze the changes in average yield in terms of related business revenues in order to differentiate the changes in yield attributable to our pricing strategies from the changes that are caused by market-driven price changes in commodities. The following table summarizes changes in revenues from average yield on a related-business basis:

	Period-to-Period Change for the Three Months Ended June 30, 2011 vs. 2010		Period-to-Period Change for the Six Months Ended June 30, 2011 vs. 2010	
	Amount	As a % of Related Business(i)	Amount	As a % of Related Business(i)
Average yield:				
Collection, landfill and transfer	\$ 41	1.6%	\$ 110	2.2%
Waste-to-energy disposal(ii)	2	1.7	2	0.9
Collection and disposal(ii)	43	1.6	112	2.2
Recycling commodities	74	25.1	132	23.2
Electricity(ii)	3	4.8	3	2.3
Fuel surcharges and mandated fees	53	46.9	88	41.5
Total	<u>\$ 173</u>	5.5	<u>\$ 335</u>	5.5

- (i) Calculated by dividing the increase or decrease for the current period by the prior period's related business revenue, adjusted to exclude the impacts of divestitures for the current period. The table below summarizes the related business revenues for the three and six months ended June 30, 2010 adjusted to exclude the impacts of divestitures:

	Denominator	
	Three Months Ended June 30	Six Months Ended June 30
Related business revenues:		
Collection, landfill and transfer	\$ 2,567	\$ 4,959
Waste-to-energy disposal	120	223
Collection and disposal	2,687	5,182
Recycling commodity	295	570
Electricity	62	128
Fuel surcharges and mandated fees	113	212
Total Company	<u>\$ 3,157</u>	<u>\$ 6,092</u>

- (ii) Average revenue growth from yield for "Collection and disposal" excludes all electricity-related revenues generated by our Wheelabrator Group, which are reported as "Electricity" revenues.

Our revenues increased \$189 million, or 6.0%, for the three months ended June 30, 2011 as compared with the prior year period and \$357 million, or 5.9%, for the six months ended June 30, 2011 as compared with the prior year period. During the three- and six-month periods, our current period revenue growth has been driven by (i) market factors, including higher recyclable commodity prices; higher diesel fuel prices, which increase revenues provided by our fuel surcharge program; and foreign currency translation, which affects revenues from our Canadian operations; (ii) revenue growth from average yield on our collection and disposal operations; and (iii) acquisitions. Offsetting these revenue increases were revenue declines due to lower volumes.

The following provides further details associated with our period-to-period change in revenues.

#### *Average yield*

*Collection and disposal average yield* — This measure reflects the effect on our revenue from the pricing activities of our collection, transfer, landfill and waste-to-energy disposal operations, exclusive of volume changes. Revenue growth from collection and disposal average yield includes not only base rate changes and environmental and service fee increases, but also (i) certain average price changes related to the overall mix of services, which are due to both the types of services provided and the geographic locations where our services are provided; (ii) changes in average price from new and lost business; and (iii) price decreases to retain customers.

For the first six months of 2011, our revenue growth from yield on our collection and disposal lines of business was \$112 million, or 2.2%. This increase in revenue from yield was primarily driven by our collection operations, which experienced yield growth in all lines of business and in every geographic operating Group. As discussed below, increased collection revenues due to average yield have been more than offset by revenue declines from lower collection volumes. However, revenue growth from yield on base business and our efforts toward controlling variable costs continue to favorably influence margin changes in our collection line of business.

The current quarter revenue growth from collection and disposal average yield was \$43 million, or 1.6%, as compared with the prior year period. This revenue increase from yield was primarily driven by our collection operations. We also experienced yield growth from our disposal operations.

Our 1.6% increase for the three months ended June 30, 2011 is less than the 2.2% increase for the six-month period. This is due in large part to our residential line of business, in which we have experienced downward pressure on our revenue growth from yield across most of our geographic groups, most notably in our Southern Group. Because it has become increasingly difficult to retain customers and to win new contracts at current average rates due to competition, the Company, in many instances, has offered increased services, principally recycling services, when bidding on or renewing residential contracts. This bundling of certain complementary services with existing services in such residential contracts has put added pressure on our revenue growth from yield.

Our total collection and disposal revenue growth from yield has also been negatively affected during the second quarter of 2010 by other factors, primarily in our Southern Group, including the year-over-year impact of the conclusion of the oil spill clean-up project in the gulf coast region, which was generally at higher than average rates as compared with our average base business, and the negative effect of changes in the mix of our temporary and permanent customers in our industrial business, particularly in North and South Florida. Overall, we have found that increasing our revenue growth from yield in today's market is a challenge given the reduced volume levels resulting from the economic slowdown, the increased service offerings in many of our new contracts, and the highly competitive environment. Additionally, a significant portion of our collection revenues are generated under long-term franchise agreements with municipalities or similar local or regional authorities. Price adjustments under these agreements are typically based on inflation indices, which have been at historic lows over the past two years, although recent data has trended upward. Despite this headwind, we are committed to maintaining pricing discipline in order to improve revenue growth from yield on our base business, particularly during the second half of 2011.

Revenues from our environmental fee, which are included in average revenue growth from yield on collection and disposal, were essentially flat for the three month year-over-year comparison, but increased \$12 million for the six month year-over-year comparison. During the second quarter of 2010, we increased our environmental fee from 6.0% to 7.5%, which anniversaried in the second quarter of 2011. These revenues were \$66 million and \$129 million during the three and six months ended June 30, 2011, respectively, as compared with \$66 million and \$117, respectively, million in the comparable prior year periods.

*Recycling commodities* — Increases in the prices of the recycling commodities we process resulted in an increase in revenues of \$74 million for the three months ended June 30, 2011 and \$132 million for the six months ended June 30, 2011 as compared with the respective prior year periods. For the first six months of this year, overall commodity prices have increased almost 25% as compared with the first six months of last year.

*Fuel surcharges and mandated fees* — These revenues, which are predominantly generated by our fuel surcharge program, increased by \$53 million and \$88 million during the three and six months ended June 30, 2011, respectively. This increase is directly attributable to higher national average prices for diesel fuel that we use for our fuel surcharge program. The mandated fees included in this line item are primarily related to the pass-through of

fees and taxes assessed by various state, county and municipal governmental agencies at our landfills and transfer stations. These mandated fees have not had a significant impact on the comparability of revenues for the periods included in the table above.

*Volume* — Our revenue decline due to volume was \$52 million, or 1.7%, and \$103 million, or 1.7%, for the three and six months ended June 30, 2011, respectively. This is a notable lessening of the rate of revenue decline due to volume from the prior year period when revenue declines due to volume were \$86 million, or 2.9%, and \$228 million, or 4.0%, for the three and six months ended June 30, 2010, respectively. Volume declines are generally attributable to economic conditions, pricing, competition and increasing focus on waste reduction and diversion by consumers. Additionally, the oil spill clean-up projects in the gulf coast region during the second quarter of 2010 unfavorably impacted our year-over-year volume comparison in the current period.

Volume declines from our collection business accounted for \$90 million and \$172 million of volume-related revenue decline for the three and six months ended June 30, 2011, respectively. For the first six months of 2011, we experienced commercial and residential collection revenue declines due to lower volume that we attribute to the overall weakness in the economy, as well as the effects of pricing, competition and diversion of waste by consumers. Our industrial collection operations continued to be affected by the current economic environment due to the construction slowdown across the United States. Lower third-party volumes in our transfer station operations also caused revenue declines in the current year period and can generally be attributed to economic conditions and the effects of pricing and competition. Additionally, we experienced revenue declines due to lower volumes at our waste-to-energy facilities, primarily driven by the expiration of a long-term electric power capacity agreement on December 31, 2010, although these declines were offset, to some extent, by volume-related revenue increases associated with an increase in tons of waste processed by our waste-to-energy plants and electricity production.

Revenue declines due to volume detailed above were offset in part by revenue increases of \$37 million and \$71 million for the three and six months ended June 30, 2011, respectively, primarily from year-over-year volume improvements in our recycling brokerage business and in our material recovery facilities. We also experienced volume-related revenue increases of \$13 million and \$24 million for the three and six months ended June 30, 2011, respectively, from our strategic growth businesses and our landfill gas-to-energy operations. Additionally, our landfill revenues increased \$4 million and \$9 million due to higher third-party volumes during the three and six months ended June 30, 2011, respectively, as compared with the relative prior year periods. The increase was principally due to higher special waste volumes. However, our landfill municipal solid waste volumes continued to decline during the three and six months ended June 30, 2011 as compared with the relative prior year periods due to economic conditions, increased pricing, competition and increased focus on waste reduction and diversion by consumers.

We continue to strive for positive revenue growth from volumes; however, the impacts of (i) the continued weakness of the overall economic environment on our commercial and residential businesses; (ii) increasing focus on waste reduction and diversion by consumers; and (iii) pricing and competition continue to present challenges to maintaining and growing volumes.

*Acquisitions and divestitures* — Revenue increases from acquisitions were principally in the collection and recycling lines of business, in our waste-to-energy line of business and in our “Other” businesses, demonstrating our current focus on identifying strategic growth opportunities in new, complementary lines of business.

#### ***Operating Expenses***

Our operating expenses increased \$144 million, or 7.2%, and \$258 million, or 6.7%, when comparing the three and six months ended June 30, 2011 with the comparable prior-year periods, respectively. Our operating expenses as a percentage of revenues increased from 63.2% in the second quarter of 2010 to 63.9% in the current quarter, and increased from 63.6% for the six months ended June 30, 2010 to 64.1% for the six months ended June 30, 2011. The changes in our operating expenses during the three and six months ended June 30, 2011 can largely be attributed to the following:

- *Higher market prices for recyclable commodities* — Overall, market prices for recyclable commodities increased almost 25% as compared with prior year levels on a year-to-date basis. The year-over-year

increase is the result of the continued increase in recyclable commodity prices from the near-historic lows reached in late 2008 and early 2009. In March 2011, market prices almost attained the decade-high levels reached during the third quarter of 2008 and remained very close to this level during the second quarter. This increase in market prices was the main driver of the current quarter increase in cost of goods sold, primarily customer recycling rebates, as presented in the table below and has also resulted in increased revenues and earnings this year;

- *Fuel cost increases* — On average, diesel fuel prices increased 30% from \$2.94 per gallon in the first half of 2010 to \$3.82 per gallon in the first half of 2011. Higher fuel costs caused increases in both our direct fuel costs and in the fuel component of our subcontractor costs for the three and six months ended June 30, 2011. The unfavorable impact of year-over-year increases in fuel prices on our operating costs was offset by increased revenues attributable to our fuel surcharge program;
- *Acquisitions and growth initiatives* — We have experienced cost increases attributable to recently acquired businesses and, to a lesser extent, our various growth and business development initiatives. We estimate that these cost increases affected each of the operating cost categories identified in the table below and accounted for over 35% of our total \$258 million increase in operating expenses year-to-date. The increase in costs resulting from acquired businesses was more than offset by increased revenues from acquired businesses; and
- *Volume declines* — During the first half of 2011, we continued to experience volume declines as a result of the ongoing weakness of the overall economic environment, pricing, competition and increased focus on waste reduction and diversion by consumers. We continue to manage our fixed costs and reduce our variable costs as we experience volume declines and have achieved cost savings as a result. These cost decreases have benefited each of the operating cost categories identified in the table below.

The following table summarizes the major components of our operating expenses, which include the impact of foreign currency translation, for the three- and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2011	2010			2011	2010		
Labor and related benefits	\$ 582	\$ 567	\$ 15	2.6%	\$ 1,145	\$ 1,147	\$ (2)	(0.2)%
Transfer and disposal costs	243	249	(6)	(2.4)	463	469	(6)	(1.3)
Maintenance and repairs	279	262	17	6.5	558	530	28	5.3
Subcontractor costs	201	195	6	3.1	381	360	21	5.8
Cost of goods sold	276	181	95	52.5	516	354	162	45.8
Fuel	166	127	39	30.7	310	244	66	27.0
Disposal and franchise fees and taxes	154	152	2	1.3	295	289	6	2.1
Landfill operating costs	64	110	(46)	(41.8)	124	175	(51)	(29.1)
Risk management	63	46	17	37.0	119	99	20	20.2
Other	112	107	5	4.7	224	210	14	6.7
	<u>\$ 2,140</u>	<u>\$ 1,996</u>	<u>\$ 144</u>	<u>7.2%</u>	<u>\$ 4,135</u>	<u>\$ 3,877</u>	<u>\$ 258</u>	<u>6.7%</u>

Significant year-over-year changes in our operating expenses by category are discussed below.

- *Labor and related benefits* — The current quarter increase was due to higher hourly and salaried wages due to merit increases and additional employee expenses incurred from acquisitions and growth opportunities, offset in part by a decrease in bonus expense and cost savings that have been achieved in the current year as volumes have declined. On a year-to-date basis this net increase has been more than offset by (i) a prior year \$28 million charge incurred by our Midwest Group as a result of bargaining unit employees in Michigan and Ohio agreeing to our proposal to withdraw them from an underfunded multiemployer pension plan; and (ii) cost savings that have been achieved in the current year as volumes have declined.

- *Maintenance and repairs* — The increase was due to (i) higher costs in our geographic groups largely attributable to increased fleet maintenance costs, which include services provided by third-parties, tires, parts and internal shop labor costs; and (ii) differences in the timing and scope of planned maintenance projects at our waste-to-energy and landfill gas-to-energy facilities. The increase in expense for tires and parts reflects the world-wide increase in commodity prices. The increase in our Wheelabrator Group primarily relates to additional costs to improve our Portsmouth, Virginia waste-to-energy facility, which we acquired in April 2010.
- *Subcontractor costs* — The current year increase in subcontractor costs was primarily a result of increased diesel fuel prices, recent acquisitions, our various growth and business development initiatives and additional costs associated with the servicing of our Sustainability Services customers. These increases were partially offset by the impacts of (i) additional prior year costs attributable to the oil spill clean-up projects in the gulf coast region during the second quarter; and (ii) cost savings that have been achieved in the current year as volumes have declined.
- *Cost of goods sold* — The significant increase was primarily from higher customer rebates as a result of the improvement in recycling commodity pricing discussed above and, to a lesser extent, increases in the volume of materials our existing recycling facilities processed and increases resulting from recently acquired businesses.
- *Fuel* — Higher direct costs for diesel fuel were due to an increase in market prices on a year-over-year basis of 30% for the six months ended June 30, 2011.
- *Landfill operating costs* — The decrease in these costs during the current year was due largely to (i) the prior year recognition of charges of \$39 million during the second quarter for revisions of estimates associated with remedial liabilities at two landfills that were closed prior to our acquisition of predecessor companies that operated these sites and (ii) the prior year recognition of an unfavorable adjustment of \$10 million during the second quarter due to the decrease in United States Treasury rates. During the second quarter of 2010, the discount rate used to estimate the present value of our environmental remediation obligations and recovery assets decreased from 3.75% to 3.00%.
- *Risk management* — The current year increase in risk management costs was primarily a result of several significant auto and general liability claims in the current year and the prior year recognition of a favorable adjustment associated with prior period claims.
- *Other* — The increase in these costs during the current year was attributable, in part, to our various growth and business development initiatives and recently acquired businesses. These cost increases were offset in part by prior year costs attributable to the oil spill clean-up project in the gulf coast region during the second quarter of 2010.

#### **Selling, General and Administrative**

Our selling, general and administrative expenses increased \$37 million, or 10.7%, and \$68 million, or 9.8%, when comparing the three and six months ended June 30, 2011 with the comparable prior-year periods. The increases are largely due to (i) increased consulting fees of \$15 million and \$31 million during the three- and six-month periods, respectively, incurred during the start-up phase of new cost savings programs focusing on procurement savings and operational and back-office efficiency; (ii) increased expenses of \$8 million and \$12 million during the three- and six-month periods, respectively, resulting from improvements we are making to our information technology systems; (iii) increased expenses of \$1 million and \$7 million during the three- and six-month periods, respectively, attributable to our long-term incentive plan, or LTIP; and (iv) additional expenses, principally in labor and related benefits, incurred to support our strategic plan to grow into new markets and provide expanded service offerings, as well as merit increases. Our selling, general and administrative expenses as a percentage of revenues increased from 10.9% for the second quarter of 2010 to 11.4% for the second quarter of 2011, and increased from 11.4% for the six months ended June 30, 2010 to 11.8% for the six months ended June 30, 2011.

The following table summarizes the major components of our selling, general and administrative expenses for the three-and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2011	2010			2011	2010		
Labor and related benefits	\$ 217	\$ 202	\$ 15	7.4%	\$ 443	\$ 410	\$ 33	8.0%
Professional fees	53	41	12	29.3	107	83	24	28.9
Provision for bad debts	8	10	(2)	(20.0)	17	22	(5)	(22.7)
Other	104	92	12	13.0	197	181	16	8.8
	<u>\$ 382</u>	<u>\$ 345</u>	<u>\$ 37</u>	<u>10.7%</u>	<u>\$ 764</u>	<u>\$ 696</u>	<u>\$ 68</u>	<u>9.8%</u>

*Labor and related benefits* — In 2011, our labor and related benefits expenses increased primarily due to (i) higher compensation costs due to an increase in headcount driven by our strategic growth plans and optimization initiatives; (ii) higher salaries and hourly wages due to merit increases; and (iii) higher non-cash compensation expenses incurred for our salary deferral plan, the costs of which are directly affected by equity-market conditions, and both our performance share units and our stock option equity awards granted under our LTIP during the first six months of 2011. Similar to the awards granted during 2010, the stock option equity awards that were granted in the first quarter of 2011 provide for continued vesting for three years following an employee's retirement. Because retirement-eligible employees are not required to provide any future service to vest in these awards, we recognized all of the compensation expense associated with their awards immediately. The increase in these costs in 2011 is attributable to a significant increase in the number of stock option awards granted in 2011 over those granted in 2010, and an increase in the number of retirement-eligible employees receiving those awards. The increase in the number of stock option awards granted in 2011 was driven in part by a change in the composition of our 2011 annual LTIP award grant compared with our 2010 annual LTIP award grant to utilize stock options to a greater extent and to reduce the amount of performance share units awarded.

These increases were offset, in part, by lower bonus expense in 2011 because our projected performance against targets established by our annual incentive plans is anticipated to be less favorable in 2011 as compared with the prior year.

*Professional fees* — In 2011, our professional fees increased due to increased consulting fees primarily associated with our new cost savings programs focusing on procurement savings and operational and back-office efficiency. We expect these fees to decrease significantly during the second half of 2011 and we expect to begin to see the associated benefits of these programs in the third quarter of 2011 and expect the benefits to accelerate into future quarters. This increase in consulting fees was slightly offset by (i) a reduction in legal fees associated primarily with the lawsuit related to the abandonment of revenue management software, which was settled in the second quarter of 2010, and (ii) lower costs during 2011 as compared with 2010 related to the expansion of our waste-to-energy business in China, Europe and the United States.

*Provision for bad debts* — The reduction in our provision for bad debts for the three and six months ended June 30, 2011 reflects management's continued focus on the collection of our receivables.

*Other* — We experienced expense increases from litigation settlements and accruals, improvements we are making to our information technology systems and advertising related to our sales and marketing initiatives.

**Depreciation and Amortization**

The following table summarizes the components of our depreciation and amortization expense for the three- and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2011	2010			2011	2010		
Depreciation of tangible property and equipment	\$ 200	\$ 197	\$ 3	1.5%	\$ 399	\$ 391	\$ 8	2.0%
Amortization of landfill airspace	108	102	6	5.9	197	189	8	4.2
Amortization of intangible assets	11	10	1	10.0	22	20	2	10.0
	<u>\$ 319</u>	<u>\$ 309</u>	<u>\$ 10</u>	3.2%	<u>\$ 618</u>	<u>\$ 600</u>	<u>\$ 18</u>	3.0%

**(Income) Expense from Divestitures, Asset Impairments and Unusual Items**

We filed a lawsuit in March 2008 related to the revenue management software implementation that was suspended in 2007 and abandoned in 2009. Accordingly, in 2009, we recognized a non-cash charge of \$51 million for the abandonment of the licensed software. In April 2010, we settled the lawsuit and received a one-time cash payment. The settlement increased our "Income from operations" for the three and six months ended June 30, 2010 by \$77 million.

**Income from Operations by Reportable Segment**

The following table summarizes income from operations by reportable segment for the three- and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2011	2010			2011	2010		
Reportable segments:								
Eastern	\$ 141	\$ 143	\$ (2)	(1.4)%	\$ 261	\$ 252	\$ 9	3.6%
Midwest	156	141	15	10.6	285	223	62	27.8
Southern	193	206	(13)	(6.3)	385	406	(21)	(5.2)
Western	142	141	1	0.7	282	270	12	4.4
Wheelabrator	42	47	(5)	(10.6)	55	83	(28)	(33.7)
Other	(21)	(26)	5	(19.2)	(35)	(55)	20	(36.4)
	653	652	1	0.2	1,233	1,179	54	4.6
Corporate and Other	(147)	(66)	(81)	122.7	(300)	(181)	(119)	65.7
Total	<u>\$ 506</u>	<u>\$ 586</u>	<u>\$ (80)</u>	(13.7)%	<u>\$ 933</u>	<u>\$ 998</u>	<u>\$ (65)</u>	(6.5)%

**Reportable Segments** — During the three and six months ended June 30, 2011, the results of operations of each of our geographic Groups improved on a year-over-year basis as a result of revenue growth from yield on our base business and the significant year-over-year improvement in market prices for recyclable commodities. These increases in our geographic Groups' 2011 results were offset, in part, by (i) a decrease in income from operations caused by continued volume declines due to the economy, pricing, competition and increasing focus on waste reduction and diversion by consumers; (ii) an increase in salaries and wages due to annual merit increases effective in April and (iii) an increase in maintenance and repairs expenses. The second quarter year-over-year decline in our Southern Group's results was principally driven by these items.

Other significant items affecting the comparability of our Groups' results of operations for the three and six months ended June 30, 2011 and 2010 are summarized below:

*Midwest* — The income from operations of our Midwest Group for the six months ended June 30, 2010 was significantly affected by the recognition of a \$28 million charge in March 2010 as a result of bargaining unit employees in Michigan and Ohio agreeing to our proposal to withdraw them from an underfunded multiemployer pension plan.

*Southern* — During the first quarter of 2011, the Group recognized a charge of \$11 million related to litigation reserves. This charge was initially recognized in "Other" during the fourth quarter 2010. The Group's operating results were also negatively affected by the volume decline previously discussed, which includes the unfavorable year-over-year impact of 2010 project volumes resulting from oil spill clean-up project in the gulf coast region.

*Wheelabrator* — The decrease in income from operations of our Wheelabrator Group for the three and six months ended June 30, 2011 as compared to the respective prior year periods was driven largely by (i) lower revenues due to the expiration of a long-term electric power capacity agreement on December 31, 2010; (ii) an increase in maintenance expense at our facility in Portsmouth, Virginia that we acquired in April 2010 and (iii) additional expenses recognized for litigation reserves and associated compliance costs. A portion of the expenses for litigation reserves and associated costs were initially recognized in "Other" during the fourth quarter of 2010. During the second quarter of 2011, the impact of these unfavorable items was partially offset by the benefit of an improvement in market prices for electricity and the timing of planned maintenance activities as compared with the prior year.

Significant items affecting the comparability of the remaining components of our results of operations for the three and six months ended June 30, 2011 and 2010 are summarized below:

*Other* — The favorable change in operating results during the six months ended June 30, 2011 is largely due to (i) certain year-end adjustments recorded in consolidation related to our reportable segments that were not included in the measure of segment income from operations used to assess their performance for the periods disclosed and (ii) a similar adjustment recorded in the current period to reduce bonus expense based on our projected performance against targets established by our annual incentive plans. The year-end adjustments were charged to the appropriate reportable segment in the current year and were primarily related to \$15 million of additional expense recognized during the fourth quarter of 2010 for litigation reserves and associated costs in the Southern and Wheelabrator Groups. The current period adjustment will be charged to the appropriate reportable segment in the third quarter of 2011.

*Corporate and Other* — The change in expenses for the three and six months ended June 30, 2011 as compared with prior year is largely attributable to the following significant items:

- the prior year benefit of \$77 million resulting from a litigation settlement that occurred in April 2010;
- the current year increase in "Selling, general and administrative" expenses as a result of cost increases attributable to (i) consulting fees related to start-up costs related to our new cost savings programs focusing on procurement savings and operational and back-office efficiency and (ii) additional compensation expense due to transfers of certain field sales organization employees to the Corporate sales organization, annual salary and wage increases, headcount increases to support the Company's strategic initiatives, and an increase in costs attributable to our LTIP;
- the current quarter and year-to-date increases in risk management costs, primarily a result of (i) several significant auto and general liability claims and (ii) the recognition of a favorable adjustment in the second quarter of 2010 associated with prior period claims;
- the prior year recognition of charges of \$39 million during the first half of 2010 for revisions in the estimated costs of our remedial liabilities at certain closed landfills; and
- the prior year recognition of an unfavorable adjustment of \$10 million due to the decrease in United States Treasury rates. During the second quarter of 2010, the discount rate used to estimate the present value of our environmental remediation obligations and recovery assets decreased from 3.75% to 3.00%.

**Renewable Energy Operations**

We have extracted value from the waste streams we manage for years, and we are focusing on increasing our ability to do so, particularly in the field of clean and renewable energy. Most significantly, our current operations produce renewable energy through the waste-to-energy facilities that are managed by our Wheelabrator Group and our landfill gas-to-energy operations. We are actively seeking opportunities to enhance our existing renewable energy service offerings to effectively respond to the shifting demands of consumers and be a leader in environmental stewardship.

We are disclosing the following supplemental information related to the operating results of our renewable energy operations for the three and six months ended June 30, 2011 and 2010 (in millions) because we believe that it provides information related to the significance of our current renewable energy operations, the profitability of these operations, and the costs we are incurring to develop these operations. Although our Wheelabrator Group's income from operations has declined year-over-year, we continue to make progress in the area of renewable energy.

	Three Months Ended June 30, 2011				Six Months Ended June 30, 2011			
	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total
Operating revenues (including intercompany)	\$ 226	\$ 34	\$ —	\$ 260	\$ 436	\$ 69	\$ —	\$ 505
Costs and expenses:								
Operating	142	15	1	158	298	29	1	328
Selling, general & administrative	25	1	1	27	50	2	2	54
Depreciation and amortization	17	5	—	22	33	13	—	46
	184	21	2	207	381	44	3	428
Income (loss) from operations	\$ 42	\$ 13	\$ (2)	\$ 53	\$ 55	\$ 25	\$ (3)	\$ 77

	Three Months Ended June 30, 2010				Six Months Ended June 30, 2010			
	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total
Operating revenues (including intercompany)	\$ 217	\$ 31	\$ —	\$ 248	\$ 423	\$ 59	\$ —	\$ 482
Costs and expenses:								
Operating	129	11	—	140	262	22	1	285
Selling, general & administrative	26	1	—	27	48	2	1	51
Depreciation and amortization	15	6	—	21	30	11	—	41
	170	18	—	188	340	35	2	377
Income (loss) from operations	\$ 47	\$ 13	\$ —	\$ 60	\$ 83	\$ 24	\$ (2)	\$ 105

- (a) Our landfill gas-to-energy business focuses on generating a renewable energy source from the methane that is produced as waste decomposes. The operating results include the revenues and expenses of landfill gas-to-energy plants that we own and operate, as well as revenues generated from the sale of landfill gas to third-party owner/operators. The operating results of our landfill gas-to-energy business are included within our geographic reportable segments and "Other."
- (b) Includes businesses and entities we have acquired or invested in through our organic growth group's business development efforts. These businesses include a landfill gas-to-LNG facility; landfill gas-to-diesel fuels technologies; organic waste streams-to-fuels technologies; and other engineered fuels technologies. The operating results of our growth opportunities are included within "Other" in our assessment of our income from operations by segment.

### **Interest Expense**

Our interest expense was \$119 million and \$240 million during the three and six months ended June 30, 2011 compared with \$116 million and \$228 million during the three and six months ended June 30, 2010. The \$12 million, or 5.3%, increase in interest expense for the six-month period is primarily due to (i) higher costs related to our revolving credit facility and (ii) a decrease in the benefits to interest expense provided by interest rate swaps due to the scheduled maturity of various positions. The year-over-year increase in interest expense was less significant in the second quarter of 2011 than the first quarter of 2011 because we amended and restated our revolving credit facility in May 2011, significantly reducing the cost of the facility.

### **Equity in Net Losses of Unconsolidated Entities**

Beginning in April 2010, our "Equity in net losses of unconsolidated entities" has been primarily related to our noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties, as well as (i) unconsolidated trusts for final capping, closure, post-closure or environmental obligations and (ii) noncontrolling investments made to support our strategic initiatives. In January 2011, we acquired a noncontrolling interest in a limited liability company established to invest in and manage a refined coal facility. The tax impacts realized as a result of our investments in low-income housing properties and the refined coal facility are discussed below in *Provision for Income Taxes*. Refer to Notes 5 and 12 to the Condensed Consolidated Financial Statements for more information related to these investments.

### **Provision for Income Taxes**

We recorded a provision for income taxes of \$131 million during the second quarter of 2011, representing an effective income tax rate of 34.5%, compared with a provision for income taxes of \$206 million during the second quarter of 2010, representing an effective income tax rate of 44.2%. Our effective income tax rate for the first half of 2011 was 35.1% compared with 41.2% for the first half of 2010. The combination of decreased pre-tax income along with an increase in federal tax credits led to our overall reduction in our provision for income taxes. In addition, in the second quarter of 2010 we recorded an increase in our state deferred income taxes to reflect the impact of changes in the estimated income tax rate at which temporary differences would be realized.

Our investments in low-income housing properties and the refined coal facility reduced our provision for income taxes by \$11 million and \$4 million, respectively, for the three months ended June 30, 2011 and by \$18 million and \$7 million, respectively, for the six months ended June 30, 2011. Our tax provision for the three and six months ended June 30, 2010, was reduced by \$11 million as a result of our investment in low-income housing properties. Refer to Note 5 to the Condensed Consolidated Financial Statements for more information related to these investments.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, signed into law on December 17, 2010, included an extension of the bonus depreciation allowance through the end of 2012 and increased the amount of qualifying capital expenditures that can be depreciated immediately from 50 percent to 100 percent. The 100 percent depreciation deduction applies to qualifying property placed in service from September 8, 2010 through December 31, 2011. The acceleration of deductions on 2011 capital expenditures resulting from the bonus depreciation provision will have no impact on our effective tax rate. However, the ability to accelerate depreciation deductions is expected to decrease our 2011 cash taxes by approximately \$190 million. Taking the accelerated tax depreciation will result in increased cash taxes in future periods when the accelerated deductions for these capital expenditures would have otherwise been taken.

### **Noncontrolling Interests**

Net income attributable to noncontrolling interests was \$13 million and \$23 million for the three and six months ended June 30, 2011 and \$12 million and \$22 million for the three and six months ended June 30, 2010. These amounts are principally related to third parties' equity interests in two limited liability companies that own three waste-to-energy facilities operated by our Wheelabrator Group. Refer to Note 12 to the Condensed Consolidated Financial Statements for information related to the consolidation of these variable interest entities.

**Liquidity and Capital Resources**

**Summary of Cash and Cash Equivalents, Restricted Trust and Escrow Accounts and Debt Obligations**

The following is a summary of our cash and cash equivalents, restricted trust and escrow accounts and debt balances as of June 30, 2011 and December 31, 2010 (dollars in millions):

	June 30, 2011	December 31, 2010
Cash and cash equivalents	\$ 371	\$ 539
Restricted trust and escrow accounts:		
Final capping, closure, post-closure and environmental remediation funds	\$ 120	\$ 120
Tax-exempt bond funds	5	14
Other	12	12
Total restricted trust and escrow accounts	\$ 137	\$ 146
Debt:		
Current portion	\$ 198	\$ 233
Long-term portion	8,839	8,674
Total debt	\$ 9,037	\$ 8,907
Increase in carrying value of debt due to hedge accounting for interest rate swaps	\$ 85	\$ 79

As of June 30, 2011, we had \$321 million of debt maturing within twelve months, including U.S. \$144 million under our Canadian credit facility. The amount reported as the current portion of long-term debt as of June 30, 2011 excludes \$123 million of these scheduled repayments because we have the intent and ability to refinance portions of our current maturities on a long-term basis.

**Summary of Cash Flow Activity**

The following is a summary of our cash flows for the six-month periods ended June 30 (in millions):

	Six Months Ended June 30,	
	2011	2010
Net cash provided by operating activities	\$ 1,078	\$ 976
Net cash used in investing activities	\$ (824)	\$ (823)
Net cash used in financing activities	\$ (425)	\$ (123)

*Net Cash Provided by Operating Activities* — We generated \$1,078 million of cash flows from operating activities during the six-month period ended June 30, 2011, compared with \$976 million during the six-month period ended June 30, 2010. The \$102 million increase year-over-year was primarily driven by the items summarized below:

- *Decreased income tax payments* — Cash paid for income taxes, net of excess tax benefits associated with equity-based transactions, was approximately \$171 million lower on a year-over-year basis. This decrease was due in part to the extension of the bonus depreciation allowance. The ability to accelerate depreciation deductions is expected to decrease our full year 2011 cash taxes by \$190 million.
- *Litigation Settlement* — The year-over-year unfavorable comparison as a result of a \$77 million litigation settlement in April 2010.

- *Changes in assets and liabilities, net of effects from business acquisitions and divestitures* — Our cash flow from operations was favorably impacted in 2011 by changes in our working capital accounts. Although our working capital changes may vary from year to year, they are typically driven by changes in accounts receivable, which are affected by both revenue changes and timing of payments received, and accounts payable changes, which are affected by both cost changes and timing of payments.

*Net Cash Used in Investing Activities* — The most significant items included in our investing cash flows for the six-month periods ended June 30, 2011 and 2010 are summarized below:

- *Capital expenditures* — We used \$596 million during the first half of 2011 for capital expenditures compared with \$475 million in the first half of 2010, an increase of \$121 million. The increase can generally be attributed to timing differences associated with cash payments for the previous years' fourth quarter capital spending. Approximately \$206 million of our fourth quarter 2010 spending was paid in cash in the first quarter of 2011 compared with approximately \$145 million of our fourth quarter 2009 spending that was paid in the first quarter of 2010.
- *Acquisitions* — Our spending on acquisitions was \$237 million in the first half of 2010 compared with \$157 million in the first half of 2011. We continue to focus on accretive acquisitions and growth opportunities that will contribute to improved future results of operations and enhance and expand our existing service offerings.
- *Investments in unconsolidated entities* — We made \$91 million of cash investments in unconsolidated entities during the first half of 2011. These investments included a \$48 million payment made to acquire a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility in North Dakota and \$43 million of investments, primarily related to furthering our goal of growing into new markets by investing in greener technologies.

We made \$161 million of cash investments in unconsolidated entities during the first half of 2010. These cash investments were primarily related to a \$142 million payment made to acquire a 40% equity investment in Shanghai Environment Group ("SEG"), a subsidiary of Shanghai Chengtou Holding Co., Ltd. As a joint venture partner in SEG, we participate in the operation and management of waste-to-energy and other waste services in the Chinese market. SEG's focus also includes building new waste-to-energy facilities in China.

*Net Cash Used in Financing Activities* — During the six months ended June 30, 2011, net cash used in financing activities was \$425 million, compared with \$123 million during the comparable prior year period. The

most significant items affecting the comparison of our financing cash flows for the six-month periods ended June 30, 2011 and 2010 are summarized below:

- *Debt borrowings and repayments* — The following summarizes our cash borrowings and debt repayments during each period (in millions):

	Six Months Ended June 30,	
	2011	2010
<b>Borrowings:</b>		
Canadian credit facility	\$ —	\$ 114
Senior notes	396	592
Capital leases and other debt	8	—
	<u>\$ 404</u>	<u>\$ 706</u>
<b>Repayments:</b>		
Canadian credit facility	\$ (77)	\$ (123)
Senior notes	(147)	—
Tax exempt bonds	(30)	(52)
Tax exempt project bonds	(25)	—
Capital leases and other debt	(35)	(38)
	<u>\$ (314)</u>	<u>\$ (213)</u>
<b>Net borrowings</b>	<u>\$ 90</u>	<u>\$ 493</u>

Refer to Note 3 to the Condensed Consolidated Financial Statements for additional information related to our debt borrowings and repayments.

- *Share repurchases and dividend payments* — We repurchased 4.7 million shares of our common stock for \$176 million during the first half of 2011, of which approximately \$8 million was paid in July 2011 compared with 9.0 million shares of our common stock for \$298 million during the first half of 2010, of which approximately \$12 million was paid in July 2010.

We paid \$323 million in cash dividends in the first half of 2011 compared with \$305 million in the first half of 2010. The increase in dividend payments is due to our quarterly per share dividends declared increasing from \$0.315 in 2010 to \$0.34 in 2011, partially offset by a reduction in the number of our outstanding shares as a result of our share repurchase program.

Share repurchases during the remainder of 2011 will be made at the discretion of management, as approved by the Board of Directors in December 2010, and all actual future dividends must first be declared by the Board of Directors at its discretion, with all decisions dependent on various factors, including our net earnings, financial condition, cash required for future acquisitions and investments, and other factors deemed relevant.

- *Other* — Net cash used for our other financing activities was \$17 million during the first six months of 2010 (including \$13 million of financing costs paid to execute our \$2.0 billion revolving credit facility) compared with \$44 million during the first six months of 2011 (including \$7 million of financing costs paid to amend and restate our \$2.0 billion revolving credit facility). In 2011, the use of cash was driven by changes in our accrued liabilities for checks written in excess of related cash balances due to the timing of cash deposits or payments.

**Liquidity Impacts of Uncertain Tax Positions**

We have liabilities associated with unrecognized tax benefits and related interest. These liabilities are primarily included as a component of long-term “Other liabilities” in our Condensed Consolidated Balance Sheet

because we generally do not anticipate that settlement of the liabilities will require payment of cash within the next twelve months. We are not able to reasonably estimate when we would make any cash payments required to settle these liabilities, but do not believe that the ultimate settlement of our obligations will materially affect our liquidity. We anticipate that approximately \$6 million of liabilities for unrecognized tax benefits, including accrued interest, and \$2 million of related deferred tax assets may be reversed within the next twelve months. The anticipated reversals are related to state tax items, none of which are material, and are expected to result from audit settlements or the expiration of the applicable statute of limitations period.

#### **Off-Balance Sheet Arrangements**

We are party to guarantee arrangements with unconsolidated entities as discussed in the *Guarantees* section of Note 8 to the Condensed Consolidated Financial Statements. These arrangements have not materially affected our financial position, results of operations or liquidity during the six months ended June 30, 2011 nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

#### **Seasonal Trends**

Our operating revenues normally tend to be somewhat higher in the summer months, primarily due to the traditional seasonal increase in the volume of construction and demolition waste. Historically, the volumes of industrial and residential waste in certain regions where we operate have tended to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Additionally, certain destructive weather conditions that tend to occur during the second half of the year, such as hurricanes that most often impact our Southern Group, can actually increase our revenues in the areas affected. While weather-related and other "one-time" occurrences can boost revenues through additional work, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins. Certain weather conditions, including severe winter storms, may result in the temporary suspension of our operations, which can significantly affect the operating results of the affected regions. The operating results of our first quarter also often reflect higher repair and maintenance expenses because we rely on the slower winter months, when waste flows are generally lower, to perform scheduled maintenance at our waste-to-energy facilities.

#### **Inflation**

A significant portion of our collection revenues are generated under long-term agreements with price adjustments based on various indices intended to measure inflation. These indices have been at historic lows over the past two years, although recent data has trended upward. We believe that inflation generally has not had, and in the near future is not expected to have, any material adverse effect on our results of operations. Additionally, management's estimates associated with inflation have had, and will continue to have, an impact on our accounting for landfill and environmental remediation liabilities.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information about market risks as of June 30, 2011, does not differ materially from that discussed under Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2010.

**Item 4. Controls and Procedures.**

**Effectiveness of Controls and Procedures**

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to management (including the principal executive and financial officers) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of June 30, 2011 (the end of the period covered by this Quarterly Report on Form 10-Q).

**Changes in Internal Controls over Financial Reporting**

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended June 30, 2011. We determined that there were no changes in our internal control over financial reporting during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II.**

**Item 1. Legal Proceedings.**

Information regarding our legal proceedings can be found under the “Litigation” section of Note 8, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements.

**Item 1A. Risk Factors.**

There have been no material changes from risk factors previously disclosed in our Form 10-K for the year ended December 31, 2010 in response to Item 1A to Part I of Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In December 2010, the Board of Directors approved a capital allocation program that provides for up to \$575 million in common stock repurchases for 2011. All of the common stock repurchases made in 2011 have been pursuant to this capital allocation program.

The following table summarizes common stock repurchases made during the second quarter of 2011:

<b>Issuer Purchases of Equity Securities</b>				
<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share(a)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(b)</u>
April 1 — 30	695,854	\$ 37.99	695,854	\$ 481 Million
May 1 — 31	785,510	\$ 38.80	785,510	\$ 450 Million
June 1 — 30(c)	1,378,287	\$ 37.04	1,378,287	\$ 399 Million
Total	<u>2,859,651</u>	\$ 37.75	<u>2,859,651</u>	

- (a) This amount represents the weighted average price paid per share and includes a per-share commission paid for all repurchases.
- (b) The approximate maximum dollar value of shares that may yet be purchased under the program is not necessarily an indication of the amount we intend to repurchase during the remainder of the year.
- (c) The amounts reported include 202,673 shares repurchased for an aggregate of approximately \$8 million that were initiated in June, but settled in cash in July.

**Item 6. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
3.2	— Amended and Restated By-laws of Waste Management, Inc. [incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed June 24, 2011].
10.1	— \$2 Billion Amended and Restated Revolving Credit Agreement dated as of May 9, 2011 by and among Waste Management, Inc. and Waste Management Holdings, Inc. and certain banks party thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A. and Barclays Capital, as Syndication Agents, Deutsche Bank Securities Inc. and The Royal Bank of Scotland PLC, as Documentation Agents, BNP Paribas and Citibank, N.A., as Co-Documentation Agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, and Barclays Capital, as Joint Lead Arrangers and Book Managers.
10.2	— Resignation Agreement by and between the Company and Michael Jay Romans dated June 14, 2011.
31.1	— Certification Pursuant to Rules 13a - 14(a) and 15d - 14(a) under the Securities Exchange Act of 1934, as amended, of David P. Steiner, President and Chief Executive Officer.
31.2	— Certification Pursuant to Rules 13a - 14(a) and 15d - 14(a) under the Securities Exchange Act of 1934, as amended, of Robert G. Simpson, Senior Vice President and Chief Financial Officer.
32.1	— Certification Pursuant to 18 U.S.C. §1350 of David P. Steiner, President and Chief Executive Officer.
32.2	— Certification Pursuant to 18 U.S.C. §1350 of Robert G. Simpson, Senior Vice President and Chief Financial Officer.
101.INS	— XBRL Instance Document.
101.SCH	— XBRL Taxonomy Extension Schema Document.
101.CAL	— XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	— XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	— XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	— XBRL Taxonomy Extension Presentation Linkbase Document.

**SIGNATURES**

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

WASTE MANAGEMENT, INC.

By: \_\_\_\_\_ /s/ ROBERT G. SIMPSON  
Robert G. Simpson  
*Senior Vice President and  
Chief Financial Officer  
(Principal Financial Officer)*

WASTE MANAGEMENT, INC.

By: \_\_\_\_\_ /s/ GREG A. ROBERTSON  
Greg A. Robertson  
*Vice President and  
Chief Accounting Officer  
(Principal Accounting Officer)*

Date: July 28, 2011

\$2,000,000,000

**AMENDED AND RESTATED  
REVOLVING CREDIT AGREEMENT**

**dated as of May 9, 2011**

by and among

**WASTE MANAGEMENT, INC.**  
(the "Borrower")

and

**WASTE MANAGEMENT HOLDINGS, INC.**  
(the "Guarantor")

and

**CERTAIN BANKS**

and

**BANK OF AMERICA, N.A.,**  
as Administrative Agent

and

**JPMORGAN CHASE BANK, N.A., and BARCLAYS CAPITAL,**  
as Syndication Agents

and

**DEUTSCHE BANK SECURITIES INC. and THE ROYAL BANK OF SCOTLAND PLC,**  
as Documentation Agents

and

**BNP PARIBAS and CITIBANK, N.A.,**  
as Co-Documentation Agents

and

**J.P. MORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED and BARCLAYS CAPITAL,**  
as Lead Arrangers and Joint Bookrunners

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**EXHIBITS:**

Exhibit A	Form of Syndicated Loan Request
Exhibit B	Form of Swing Line Loan Notice
Exhibit C	Form of Letter of Credit Request
Exhibit D	Form of Compliance Certificate
Exhibit E	Form of Assignment and Assumption
Exhibit F	Form of Competitive Bid Quote Request
Exhibit G	Form of Invitation for Competitive Bid Quotes
Exhibit H	Form of Competitive Bid Quote
Exhibit I	Form of Notice of Acceptance/Rejection of Competitive Bid Quote(s)
Exhibit J	Form of Administrative Questionnaire

**SCHEDULES:**

Schedule 1	Banks; Commitments
Schedule 1.1	Existing Liens
Schedule 3.1	Issuing Banks and Issuing Bank Limits
Schedule 3.1.1	Form of Increase/Decrease Letter
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Schedule 6.15	Environmental Compliance
Schedule 8.1(a)	Existing Indebtedness
Schedule 22	Administrative Agent's Office; Certain Addresses for Notices

**AMENDED AND RESTATED  
REVOLVING CREDIT AGREEMENT**

This **AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT** is made as of the 9th day of May, 2011, by and among **WASTE MANAGEMENT, INC.**, a Delaware corporation having its chief executive office at 1001 Fannin Street, Suite 4000, Houston, Texas 77002 (the "Borrower"), **WASTE MANAGEMENT HOLDINGS, INC.**, a wholly-owned Subsidiary of the Borrower (the "Guarantor"), the lenders from time to time party hereto (the "Banks") and **BANK OF AMERICA, N.A.**, as Administrative Agent (in such capacity, the "Administrative Agent").

A. The Borrower, Bank of America, N.A, as administrative agent, and the lenders party thereto (the "Existing Banks") entered into that certain Credit Agreement dated as of June 22, 2010 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), pursuant to which the Existing Banks have made available to the Borrower a revolving credit facility, with a letter of credit subfacility and a swing loan subfacility.

B. As further provided herein and upon the terms and conditions contained herein, the Banks and the Administrative Agent have agreed to reallocate the Commitment and Commitment Percentages of each of the Banks as set forth on Schedule 1.

C. The Borrower and the Guarantor have requested that the Existing Credit Agreement be further amended and restated, among other things, to extend the maturity date and make certain other changes as set forth herein, and the Administrative Agent and the Banks are willing to make such amendments to the Existing Credit Agreement.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

(i) Simultaneously with the Effective Date and after giving effect to any assignments on the Effective Date from Existing Banks under the Existing Credit Agreement who elect not to become Banks under this Agreement, but immediately prior to giving effect to paragraph (iv) below, the parties hereby agree that (A) the Commitment of each of the Banks shall be as set forth in Schedule 1, and the outstanding amount of the Syndicated Loans (as defined in and under the Existing Credit Agreement, without giving effect to any Borrowings of Loans under this Agreement on the Effective Date, but after giving effect to any repayment or reduction thereof with the proceeds of any applicable sources) shall be reallocated in accordance with such Commitments, and the requisite assignments shall be deemed to be made in such amounts among the Banks and from each Bank to each other Bank (including from Banks who reduce their commitments in connection with this Agreement), with the same force and effect as if such assignments were evidenced by applicable Assignments and Assumptions (as defined in the Existing Credit Agreement) under the Existing Credit Agreement, but without the payment of any related assignment fee and (B) the swing line subfacility under the Existing Credit Agreement shall continue as the swing line subfacility hereunder, with the Swing Line Sublimit set out herein, and the Swing Line Loans (as defined in the Existing Credit Agreement), if any, shall continue as and be deemed to be Swing Line Loans hereunder, and (C) the letter of credit subfacility provided in the Existing Credit Agreement shall continue as the Letter of Credit

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facility hereunder and the Existing Letters of Credit shall be deemed to be Letters of Credit issued hereunder. There are no Competitive Bid Loans (as defined in the Existing Credit Agreement) outstanding on the Effective Date under the Existing Credit Agreement.

(ii) Notwithstanding anything to the contrary in §20 of the Existing Credit Agreement or §20 of this Agreement, no other documents or instruments, including any Assignment and Assumption, shall be executed in connection with these assignments (all of which requirements are hereby waived), and such assignments shall be deemed to be made with all applicable representations, warranties and covenants as if evidenced by an Assignment and Assumption. On the Effective Date, the applicable Banks shall make full cash settlement with one another (including with any Bank whose commitments are being decreased), either directly or through the Administrative Agent, as the Administrative Agent may direct or approve, with respect to all assignments, reallocations and other changes in Commitments, such that after giving effect to such settlements (A) the Commitment of each Bank shall be as set forth on Schedule 1 to this Agreement, (B) each Bank's Commitment Percentage of the Total Commitment equals (with customary rounding) its Commitment Percentage of (x) the outstanding amount of all Loans, and (y) the outstanding amount of all Letters of Credit.

(iii) The Borrower, the Guarantor, the Administrative Agent and the Banks hereby agree that upon the effectiveness of this Agreement, the terms and provisions of the Existing Credit Agreement which in any manner govern or evidence the Obligations, the rights and interests of the Administrative Agent and the Banks and any terms, conditions or matters related to any thereof, shall be and hereby are amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Existing Credit Agreement, except as otherwise expressly provided herein, shall be superseded by this Agreement.

(iv) Notwithstanding this amendment and restatement of the Existing Credit Agreement and any related Loan Documents (as such term is defined in the Existing Credit Agreement and referred to herein, individually or collectively, as the "Existing Loan Documents"), (A) all of the indebtedness, liabilities and obligations owing by any Person under the Existing Credit Agreement and other Existing Loan Documents outstanding as of the Effective Date shall continue as Obligations hereunder, (B) each of this Agreement and the Notes and the other Loan Documents is given as a substitution or supplement of, as the case may be, and not as a payment of, the indebtedness, liabilities and obligations of the Borrower and the Guarantor under the Existing Credit Agreement or any Existing Loan Document and is not intended to constitute a novation thereof or of any of the other Existing Loan Documents, and (C) certain of the Existing Loan Documents will remain in full force and effect, as set forth in this Agreement. Upon the effectiveness of this Agreement all loans outstanding and owing by the Borrower under the Existing Credit Agreement as of the Effective Date, shall constitute Loans hereunder accruing interest with respect to the Base Rate Loans under the Existing Credit Agreement, at the Applicable Base Rate hereunder. The parties hereto agree that the Interest Periods for all Eurodollar Loans outstanding under the Existing Credit Agreement on the Effective Date shall be terminated, the Borrower shall pay (on the Effective Date) all accrued interest with respect to such Loans, and the Borrower shall furnish to the Administrative Agent interest rate selection notices for existing Loans and borrowing notices for additional Loans as may be required in connection with the allocation of Loans among Banks in accordance with

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their Commitment Percentages. The Administrative Agent and the Existing Banks agree that the transactions contemplated in these recitals shall not give rise to any obligation of the Borrower or the Guarantor to make any payment under §5.8 of the Existing Credit Agreement.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

**§1. DEFINITIONS AND RULES OF INTERPRETATION.**

**§1.1. Definitions.** The following terms shall have the meanings set forth in this §1 or elsewhere in the provisions of this Agreement referred to below:

Absolute Competitive Bid Loan(s). Competitive Bid Loans bearing interest at a fixed rate per annum in accordance with §4.5(b)(v).

Accountants. See §7.4(a).

Administrative Agent. See Preamble.

Administrative Agent's Office. The Administrative Agent's address and, as appropriate, account as set forth on Schedule 22, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Banks.

Administrative Questionnaire. An Administrative Questionnaire in substantially the form of Exhibit J or any other form approved by the Administrative Agent.

Affected Bank. See §5.12.

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

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

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

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

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

Applicable Requirements. See §7.10.

Applicable Spot Rate. On any date, the quoted spot rate for conversion of U.S. Dollars to Canadian Dollars by the Administrative Agent or the respective Issuing Bank, as applicable, through its principal foreign exchange trading office at approximately 11:00 a.m. (New York

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time) on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or such Issuing Bank may obtain such spot rate from another financial institution designated by the Administrative Agent or such Issuing Bank or from Reuters page 1 FED (or on any successor or substitute page of such service, or any successor to or substitute for such service providing rate quotations comparable to those currently provide on such page of such service); and provided further that an Issuing Bank may use such spot rate quoted on the date as of which the foreign exchange computation is made.

Approved Fund. Any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its activities and that is administered or managed by (a) a Bank or (b) a Bank Affiliate.

Assignment and Assumption. See §20.

Balance Sheet Date. December 31, 2010.

Bank Affiliate. (a) With respect to any Bank, (i) a Person that directly, or indirectly through one or more intermediaries, possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Bank, whether through the ability to exercise voting power, by contract or otherwise or is controlled by or is under common control with such Bank (an "Affiliate") or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its activities and is administered or managed by a Bank or an Affiliate of such Bank and (b) with respect to any Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Bank or by an Affiliate of such investment advisor.

Bank of America. Bank of America, N.A.

Banks. See Preamble.

Base Rate. For any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) the Eurodollar Rate that would be applicable to a Eurodollar Loan borrowed on such date with a one month Interest Period plus 1.00%. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

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

Borrower. See Preamble.

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Borrowing. (a) Syndicated Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, (b) a Competitive Bid Loan or group of Competitive Bids Loans of the same Type made on the same date and as to which a single Interest Period is in effect or (c) Swing Line Loans.

Business Day. Any day, other than a Saturday, Sunday or any day on which banking institutions in New York, New York are authorized by law to close, and, when used in connection with a Eurodollar Loan, such day is also a Eurodollar Business Day.

Canadian Dollars or C\$. The lawful currency of Canada.

Canadian Dollar Letter of Credit. See §3.1(e).

Canadian Subsidiary. A Subsidiary that is organized under the laws of Canada or any province thereof.

Capitalized Leases or Capital Leases. Leases under which a Person is the lessee or obligor and the discounted future rental payment obligations under which are required to be capitalized on the consolidated balance sheet of the lessee or obligor in accordance with GAAP.

Cash Equivalents. Investments in (i) direct obligations of, or unconditionally guaranteed by, the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of less than one year, (ii) U.S. Dollar-denominated time deposits, certificates of deposit and banker's acceptances of any Bank or any other bank whose short-term commercial paper rating from Standard & Poor's is at least A-1 or from Moody's is at least P-1 (each an "Approved Bank") with maturities of not more than one year from the date of investment, (iii) commercial paper issued by, or guaranteed by, an Approved Bank or by the parent company of an Approved Bank, or issued by, or guaranteed by, any company with a short-term debt rating of at least A-1 by Standard & Poor's and P-1 by Moody's, in each case maturing within one year from the date of investment, (iv) repurchase agreements with a term of less than one year for underlying securities of the types described in clauses (ii) and (iii) entered into with an Approved Bank, (v) variable rate demand notes with a put option no longer than seven days from date of purchase to the extent backed by letters of credit issued by banks having a credit rating of at least A1 from Moody's or P1 from Standard & Poor's; (vi) municipal securities rated at least A1 by Moody's or P-1 by Standard & Poor's with a maturity of one year or less; (vii) any money market fund that meets the requirements of Rule 2a-7 (c) (2), (3) and (4) promulgated under the Investment Company Act of 1940, as amended; and (viii) any other fund or funds making substantially all of their Investments in Investments of the kinds described in clauses (i) through (vi) above.

CERCLA. See §6.15(a).

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

CFQ or CAO. See §7.4(b).

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Class. When used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Syndicated Loans, Competitive Bid Loans or Swing Line Loans.

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

Commitment. With respect to each Bank, such Bank's commitment to make Syndicated Loans to, and to participate in Swing Line Loans and Letters of Credit for the account of, the Borrower, determined by multiplying such Bank's Commitment Percentage by the Total Commitment.

Commitment Percentage. With respect to each Bank, the percentage initially set forth next to such Bank's name on Schedule 1 hereto, as the same may be adjusted in accordance with §2.3, §5.14(iv) or §20.

Competitive Bid Loan(s). A Borrowing hereunder consisting of one or more loans made by any of the participating Banks whose offer to make a Competitive Bid Loan as part of such Borrowing has been accepted by the Borrower under the auction bidding procedure described in §4 hereof.

Competitive Bid Loan Accounts. See §4.2(a).

Competitive Bid Margin. See §4.5(b)(iv).

Competitive Bid Quote. An offer by a Bank to make a Competitive Bid Loan in accordance with §4.5 hereof.

Competitive Bid Quote Request. See §4.3.

Competitive Bid Rate. See §4.5(b)(v).

Compliance Certificate. See §7.4(c).

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

Consolidated Earnings Before Interest and Taxes or EBIT. For any period, the Consolidated Net Income (or Deficit) of the Borrower on a consolidated basis plus, without duplication, the sum of (1) interest expense, (2) equity in losses (earnings) of unconsolidated entities, (3) income taxes, (4) non-cash writedowns or write-offs of assets, including non-cash losses on the sale of assets outside the ordinary course of business and (5) EBIT of the businesses acquired by the Borrower or any of its Subsidiaries (through asset purchases or otherwise) (each an "Acquired Business") or the Subsidiaries acquired or formed since the beginning of such period (each a "New Subsidiary") provided, that a statement identifying all such Acquired Businesses and the EBIT of such Acquired Businesses is delivered to the Banks with the Compliance Certificate for such period, all to the extent that each of items (1) through (4) was deducted in determining Consolidated Net Income (or Deficit) in the relevant period,

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minus non-cash extraordinary gains on the sale of assets outside the ordinary course of business to the extent included in Consolidated Net Income (or Deficit).

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

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

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

(a) the total book value of all assets of the Borrower on a consolidated basis properly classified as intangible assets under GAAP, including such items as goodwill, the purchase price of acquired assets in excess of the fair market value thereof, trademarks, trade names, service marks, customer lists, brand names, copyrights, patents and licenses, and rights with respect to the foregoing; plus

(b) all amounts representing any write-up in the book value of any assets of the Borrower on a consolidated basis resulting from a revaluation thereof subsequent to the Balance Sheet Date.

Consolidated Total Assets. All assets of the Borrower determined on a consolidated basis in accordance with GAAP.

Consolidated Total Interest Expense. For any period, the aggregate amount of interest expense required by GAAP to be paid or (without duplication) accrued during such period on all Indebtedness of the Borrower on a consolidated basis outstanding during all or any part of such period, including capitalized interest expense for such period, the amortization of debt discounts and the amortization of fees payable in connection with the incurrence of Indebtedness.

Defaulting Bank. Subject to §5.14, any Bank that (a) has failed to (i) perform all or any portion of its funding obligations hereunder, including in respect of Loans or participations in respect of Letters of Credit or Swing Line Loans within three Business Days of the date required to be funded by it hereunder unless such Bank notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Bank's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Administrative Agent, any Issuing Bank, the Swing Line Bank or any other Bank any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within three Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or any Bank that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements generally in which it commits to extend credit (unless such writing or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's determination that a condition

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precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in writing to the Administrative Agent that it will comply with its funding obligations (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a governmental agency so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from enforcement of judgments or writs of attachment on its assets or permit such Bank (or governmental agency) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. Any determination by the Administrative Agent that a Bank is a Defaulting Bank under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank (subject to §5.14) upon delivery of written notice of such determination to the Borrower, each Issuing Bank, the Swing Line Bank and each Bank.

Defaults. See §12.1.

Disclosure Documents. The Borrower's financial statements referred to in §6.4 and filings made by the Borrower or the Guarantor with the Securities and Exchange Commission that were publicly available prior to the Effective Date which were provided to the Banks.

Disposal or Disposed. See "Release".

Distribution. The declaration or payment of any dividend or other return on or in respect of any shares of any class of capital stock, any partnership interests or any membership interests of any Person (other than dividends or other such returns payable solely in shares of capital stock, partnership interests or membership units of such Person, as the case may be); the purchase, redemption, or other retirement of any shares of any class of capital stock, partnership interests or membership units of such Person, directly or indirectly through a Subsidiary or otherwise; the return of equity capital by any Person to its shareholders, partners or members as such; or any other distribution on or in respect of any shares of any class of capital stock, partnership interest or membership unit of such Person.

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

Drawdown Date. The date on which any Loan is made or is to be made, or any amount is paid by an Issuing Bank under a Letter of Credit.

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

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

Effective Date. The date on which the conditions precedent set forth in §10.1 hereof are satisfied.

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

Environmental Laws. See §6.15(a).

EPA. See §6.15(b).

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

ERISA Affiliate. Any Person which is treated as a single employer, member of a controlled group, or under common control with the Borrower or any of its Subsidiaries under §412, §414 or §430 of the Code.

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

Eurocurrency Reserve Rate. For any day with respect to a Eurodollar Loan, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Bank, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Loan shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Rate.

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

Eurodollar Competitive Bid Loans. Competitive Bid Loans bearing interest calculated by reference to the Eurodollar Rate in accordance with §4.5(b)(iv).

Eurodollar Loans. Syndicated Loans bearing interest calculated by reference to clause (a) of the definition of Eurodollar Rate.

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Eurodollar Rate. (a) For any Interest Period with respect to a Eurodollar Loan, the rate per annum equal to (i) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or such other commercially available source providing quotations of BBA LIBOR as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Eurodollar Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or, (ii) if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Loan being made, continued or converted and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the commencement of such Interest Period, in each case divided by a number equal to 1.00 minus the Eurocurrency Reserve Rate, if applicable; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m., London time determined two Eurodollar Business Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made or maintained and with a term equal to one month would be offered by Bank of America's London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination.

Events of Default. See §12.1.

Existing Credit Agreement. See Recital A in the Preamble.

Existing Letters of Credit. Those Letters of Credit that were issued under the Existing Credit Agreement and are outstanding as of the date hereof, and which are identified in Schedule 3.1.2 hereof.

Facility Fee. See §2.2.

FASB ASC. The Accounting Standards Codification of the Financial Accounting Standards Board.

Federal Funds Rate. For any day, the rate per annum (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published

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on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

Financial Affiliate. A subsidiary of the bank holding company controlling any Bank, which subsidiary is engaging in any of the activities permitted by §4(e) of the Bank Holding Company Act of 1956 (12 U.S.C. §1843).

Fronting Fee. See §3.6.

Generally accepted accounting principles or GAAP. (i) When used in this Agreement, whether directly or indirectly through reference to a capitalized term used therein, means (A) principles that are consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, in effect for the fiscal year ended on the Balance Sheet Date, and (B) to the extent consistent with such principles, the accounting practice of the Borrower reflected in its financial statements for the year ended on the Balance Sheet Date; provided, that, with respect to any financial statements prepared after the Balance Sheet Date, such meaning in each of (A) and (B) shall include the application of revised guidance associated with multiple-deliverable revenue arrangements effective per FASB ASC 605 on January 1, 2011; provided, further, that in each case referred to in this definition of “generally accepted accounting principles” a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) as to financial statements in which such principles have been properly applied. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, “Indebtedness” of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

Guaranteed Obligations. See §28.1.

Guaranteed Pension Plan. Any employee pension benefit plan within the meaning of §3(2) of ERISA maintained or contributed to by the Borrower, its Subsidiaries or any ERISA Affiliate (or pursuant to which any such Person accrued an obligation to make contributions at any time during the preceding five plan years) the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

Guarantor. See Preamble.

Guaranty. Any obligation, contingent or otherwise, of a Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such

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Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guaranty shall not include endorsements for collection or deposit in the ordinary course of business.

Hazardous Substances. See §6.15(b).

Indebtedness. Collectively, without duplication, whether classified as indebtedness, an investment or otherwise on the obligor's balance sheet, (a) all indebtedness for borrowed money, (b) all obligations for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business which either (i) are not overdue by more than ninety (90) days, or (ii) are being disputed in good faith and for which adequate reserves have been established in accordance with GAAP), (c) all obligations evidenced by notes, bonds, debentures or other similar debt instruments, (d) all obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations, liabilities and indebtedness under Capitalized Leases, (f) all obligations, liabilities or indebtedness arising from the making of a drawing under surety, performance bonds, or any other bonding arrangement, (g) Guaranties with respect to all Indebtedness of others referred to in clauses (a) through (f) above, and (h) all Indebtedness of others referred to in clauses (a) through (f) above secured or supported by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured or supported by) any Lien on the property or assets of the Borrower or any Subsidiary, even though the owner of the property has not assumed or become liable, contractually or otherwise, for the payment of such Indebtedness; provided that if a Permitted Receivables Transaction is outstanding and is accounted for as a sale of accounts receivable under generally accepted accounting principles, Indebtedness shall also include the additional Indebtedness, determined on a consolidated basis, which would have been outstanding had such Permitted Receivables Transaction been accounted for as a borrowing.

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

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Interim Balance Sheet Date, March 31, 2011.

Investments. All expenditures made by a Person and all liabilities incurred (contingently or otherwise) by a Person for the acquisition of stock of (other than the stock of Subsidiaries), or Indebtedness of, or for loans, advances, capital contributions or transfers of property to, or in respect of any Guaranties or other commitments as described under Indebtedness, or obligations of, any other Person, including without limitation, the funding of any captive insurance company (other than loans, advances, capital contributions or transfers of property to any Subsidiaries or variable interest entities consolidated in accordance with FASB ASC 810, or Guaranties with respect to Indebtedness of any Subsidiary or variable interest entities consolidated in accordance with FASB ASC 810). In determining the aggregate amount of Investments outstanding at any particular time: (a) the amount of any Investment represented by a Guaranty shall be taken at not less than the principal amount of the obligations guaranteed and still outstanding; (b) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid; (c) there shall be deducted in respect of each such Investment any amount received as a return of capital (but only by partial or full repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution); (d) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (b) may be deducted when paid; and (e) there shall not be deducted from the aggregate amount of Investments any decrease in the value thereof.

ISP. The "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

Issuing Banks. (i) the Banks listed on Schedule 3.1 hereto, (ii) solely with respect to that certain Existing Letter of Credit number S00056987 in the amount of \$50,000, The Bank of New York Mellon, formerly, The Bank of New York, and (iii) any other Bank that agrees (in its sole discretion) to act as Issuing Bank pursuant to an instrument in writing in form and substance satisfactory to such Bank, the Borrower and the Administrative Agent and signed by them (which instrument shall set forth the maximum aggregate face amount of all Letters of Credit of such Issuing Bank and shall, as to such maximum amount, automatically be deemed to supplement Schedule 3.1 hereto); provided, that in the case of any Existing Letter of Credit that was issued through an Affiliate of an Issuing Bank, such Letter of Credit shall be deemed for purposes of §3.1(a) to have been issued by such Issuing Bank and the provisions of §3.1(g) shall apply.

Lead Arrangers. J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital, the investment banking division of Barclays Bank PLC, as Lead Arrangers and Joint Bookrunners in connection with the credit facility provided herein.

Letter of Credit Applications. Letter of credit applications in such form or forms as may be agreed upon by the Borrower and the relevant Issuing Bank from time to time with respect to each Letter of Credit issued or deemed issued hereunder, as such Letter of Credit Applications may be amended, varied or supplemented from time to time; provided, however, in the event of

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any conflict or inconsistency between the terms of any Letter of Credit Application and this Agreement, the terms of this Agreement shall control.

Letter of Credit Fee. See §3.6.

Letter of Credit Participation. See §3.1(c).

Letter of Credit Request. See §3.1(a).

Letters of Credit. Letters of credit issued or to be issued by the Issuing Banks under §3 hereof for the account of the Borrower (including without limitation any Canadian Dollar Letters of Credit), and the Existing Letters of Credit.

Lien. With respect to any asset, (a) any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, encumbrance, charge, security interest, assignment, deposit arrangement or other restriction in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, Capital Lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

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

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

Majority Banks. At any date, Banks the aggregate amount of whose Commitments is greater than fifty percent (50%) of the Total Commitment; provided that in the event that the Total Commitment has been terminated, the Majority Banks shall be Banks holding greater than fifty percent (50%) of the aggregate outstanding principal amount of the Obligations on such date; provided that the Commitment of, and the portion of the outstanding principal amount of the Obligations held or deemed held by, any Defaulting Bank shall be excluded for purposes of making a determination of Majority Banks.

Material Adverse Effect. A material adverse effect on (a) the business, assets, operations, or financial condition of the Borrower and the Subsidiaries taken as a whole, (b) the ability of the Borrower or the Guarantor to perform any of its obligations under any Loan Document to which it is a party, or (c) the rights of, or remedies or benefits available to, the Administrative Agent or any Bank under any Loan Document.

Maturity Date. May 9, 2016.

Maximum Drawing Amount. At any time, the maximum aggregate amount from time to time that the beneficiaries may draw under outstanding Letters of Credit (using, in the case of Canadian Dollar Letters of Credit, the U.S. Dollar Equivalent of the aggregate undrawn face amount thereof on the relevant date) (plus, for purposes of computing

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amounts outstanding including under §§2.1(a), 2.2, 2.3.1(a), 2.6(a), 3.2(b), 4.1, 5.2 and 12.1, but without duplication, unpaid Reimbursement Obligations, if any). Unless otherwise specified herein, the outstanding amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, that with respect to any Letter of Credit that, by its terms or the terms of any document or agreement related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

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

Multiemployer Plan. Any multiemployer plan within the meaning of §3(37) of ERISA maintained or contributed to by the Borrower, any of its Subsidiaries, or any ERISA Affiliate (or pursuant to which any such Person accrued an obligation to make contributions at any time during the preceding five plan years).

New Lending Office. See §5.1(d).

Non-U.S. Bank. See §5.1(c).

Note. Any promissory note issued according to §2.4(e).

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

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

Permitted Liens. Any of the following Liens:

(a) Liens for taxes not yet due or that are being contested in compliance with §7.8;

(b) carriers', warehousemen's, maritime, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are being contested in good faith by appropriate proceedings and for which adequate reserves with respect thereto have been set aside as required by GAAP;

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- (c) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;
  - (d) Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Leases), statutory obligations, surety and appeal bonds, suretyship, performance and landfill closure bonds and other obligations of a like nature incurred in the ordinary course of business;
  - (e) zoning restrictions, easements, rights-of-way, restrictions on use of property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;
  - (f) the Liens on Schedule 1.1 hereto securing the obligations listed on such Schedule and any replacement Lien securing any renewal, extension or refunding of such obligations if the amount secured by such renewal, extension or refunding Lien shall not exceed the amount of the outstanding obligations secured by the Lien being replaced at the time of such renewal, extension or refunding (plus transaction costs, including premiums and fees, related to such renewal, extension or refunding) and if such replacement Lien shall be limited to substantially the same property that secured the Lien so replaced;
  - (g) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding or arising out of a judgment or award with respect to which an appeal is being prosecuted in good faith by appropriate action and with respect to which adequate reserves are being maintained and, in the case of judgment liens, execution thereon is stayed;
  - (h) rights reserved or vested in any municipality or governmental, statutory or public authority to control or regulate any property of the Borrower or any Subsidiary, or to use such property in a manner that does not materially impair the use of such property for the purposes for which it is held by the Borrower or such Subsidiary;
  - (i) any obligations or duties affecting the property of the Borrower or any of its Subsidiaries to any municipality, governmental, statutory or public authority with respect to any franchise, grant, license or permit;
  - (j) Liens filed in connection with sales of receivables by any of the Subsidiaries (other than the Guarantor) to a wholly-owned special purpose financing Subsidiary for purposes of perfecting such sales, provided that no third party has any rights with respect to such Liens or any assets subject thereto;
  - (k) any interest or title of a lessor under any sale lease-back transaction entered into by the Borrower or any Subsidiary conveying only the assets so leased back to the extent the related Indebtedness is permitted under §8.1 hereof;
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(l) Liens created or deemed to be created under Permitted Receivables Transactions at any time provided such Liens do not extend to any property or assets other than the trade receivables sold pursuant to such Permitted Receivables Transactions, interests in the goods or products (including returned goods and products), if any, relating to the sales giving rise to such trade receivables; any security interests or other Liens and property subject thereto (other than on any leases or related lease payment rights or receivables between the Borrower and any of its Subsidiaries, as lessors or sublessors) from time to time purporting to secure the payment by the obligors of such trade receivables (together with any financing statements authorized by such obligors describing the collateral securing such trade receivables) pursuant to such Permitted Receivables Transactions; and

(m) Liens securing other Indebtedness, provided that the aggregate amount of all liabilities, including any Indebtedness, of the Borrower and its Subsidiaries secured by all Liens permitted in subsections (k), (l) and (m), when added (without duplication) to the aggregate amount of Indebtedness of the Borrower's Subsidiaries permitted under §8.1(b) and Indebtedness with respect to Permitted Receivables Transactions, shall not exceed 15% of Consolidated Tangible Assets at any time.

**Permitted Receivables Transaction.** Any sale or sales of, and/or securitization of, any accounts receivable of the Borrower and/or any of its Subsidiaries (the "Receivables") pursuant to which (a) the Borrower and its Subsidiaries realize aggregate net proceeds of not more than \$750,000,000 at any one time outstanding, including, without limitation, any revolving purchase(s) of Receivables where the maximum aggregate uncollected purchase price (exclusive of any deferred purchase price) for such Receivables at any time outstanding does not exceed \$750,000,000, and (b) which Receivables shall not be discounted more than 25%.

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

**Pricing Table:**

<b>Level</b>	<b>Senior Public Debt Rating</b>	<b>Applicable Facility Fee Rate</b>	<b>Applicable L/C Rate</b>	<b>Applicable Base Rate</b>	<b>Applicable Eurodollar Rate</b>
1	Greater than or equal to A- by Standard & Poor's or greater than or equal to A3 by Moody's	0.1500% per annum	0.9750% per annum	Base Rate plus 0.0000% per annum	Eurodollar Rate plus 0.9750% per annum
2	BBB+ by Standard & Poor's or Baa1 by Moody's	0.1750% per annum	1.0750% per annum	Base Rate plus 0.0750% per annum	Eurodollar Rate plus 1.0750% per annum
3	BBB by Standard & Poor's or Baa2 by Moody's	0.2250% per annum	1.1750% per annum	Base Rate plus 0.1750% per annum	Eurodollar Rate plus 1.1750% per annum

<u>Level</u>	<u>Senior Public Debt Rating</u>	<u>Applicable Facility Fee Rate</u>	<u>Applicable L/C Rate</u>	<u>Applicable Base Rate</u>	<u>Applicable Eurodollar Rate</u>
4	BBB- by Standard & Poor's or Baa3 by Moody's	0.3000% per annum	1.3500% per annum	Base Rate plus 0.3500% per annum	Eurodollar Rate plus 1.3500% per annum
5	Less than or equal to BB+ by Standard & Poor's or less than or equal to Ba1 by Moody's	0.3500% per annum	1.8000% per annum	Base Rate plus 0.8000% per annum	Eurodollar Rate plus 1.8000% per annum

The applicable rates charged for any day shall be determined by the higher Senior Public Debt Rating in effect as of that day, provided that if the higher Senior Public Debt Rating is more than one level higher than the lower Senior Public Debt Rating, the applicable rate shall be set at one level below the higher Senior Public Debt Rating. Initially, as of the Effective Date, level 3 shall apply.

RCRA. See §6.15(a).

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

Reimbursement Obligation. The Borrower's obligation to reimburse the applicable Issuing Bank and the Banks on account of any drawing under any Letter of Credit, all as provided in §3.2.

Release. Shall have the meaning specified in CERCLA and the term "Disposal" (or "Disposed") shall have the meaning specified in the RCRA and regulations promulgated thereunder; provided, that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment and provided further, to the extent that the laws of Canada or a state, province, territory or other political subdivision thereof wherein the property lies establish a meaning for "Release" or "Disposal" which is broader than specified in either CERCLA, or RCRA, such broader meaning shall apply to the Borrower's or any of its Subsidiaries' activities in that state, province, territory or political subdivision.

Replacement Bank. See §5.12.

Replacement Notice. See §5.12.

Revaluation Date. With respect to any Canadian Letter of Credit, each of the following: (i) each date of the issuance of such Canadian Letter of Credit, (ii) each date of an amendment thereof having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the applicable Issuing Bank thereunder, and (iv) such additional dates as the Administrative Agent or the applicable Issuing Bank shall determine or the Majority Banks shall require.

Senior Public Debt Rating. The ratings of the Borrower's public unsecured long-term senior debt, without third party credit enhancement, issued by Moody's and Standard & Poor's.

**Significant Subsidiary.** At any time, a Subsidiary that at such time meets the definition of “significant subsidiary” contained in Regulation S-X of the Securities and Exchange Commission as in effect on the date hereof, but as if each reference in said definition to the figure “10 percent” were a reference to the figure “3 percent”.

**Standard & Poor’s.** Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

**Subsidiary.** As to any Person, any corporation, association, trust, or other business entity of which such Person shall at any time own, directly or indirectly, at least a majority of the outstanding capital stock or other interest entitled to vote generally and whose financial results are required to be consolidated with the financial results of the designated parent in accordance with GAAP. Unless otherwise specified herein or the context otherwise requires, any reference herein to a Subsidiary shall be deemed to refer to a Subsidiary of the Borrower.

**Swap Contracts.** All obligations in respect of interest rate, currency or commodity exchange, forward, swap, or futures contracts or similar transactions or arrangements entered into to protect or hedge the Borrower and its Subsidiaries against interest rate, exchange rate or commodity price risks or exposure, or to lower or diversify their funding costs.

**Swing Line Bank.** Bank of America.

**Swing Line Loan.** See §2.11(a).

**Swing Line Loan Notice.** A notice of a Swing Line Borrowing pursuant to §2.11, which, if in writing, shall be substantially in the form of Exhibit B.

**Swing Line Sublimit.** An amount equal to the lesser of (a) \$100,000,000 and (b) the Total Commitments. The Swing Line Sublimit is part of, and not in addition to, the Total Commitments.

**Syndicated Loan Request.** See §2.6(a).

**Syndicated Loans.** A Borrowing hereunder consisting of one or more loans made by the Banks to the Borrower under the procedures described in §2.1(a).

**Terminated Plans.** The Waste Management, Inc. Pension Plan and The Waste Management of Alameda County, Inc. Retirement Plan.

**Total Commitment.** Initially \$2,000,000,000, as such amount may be increased or reduced in accordance with the terms hereof, or, if such Total Commitment has been terminated pursuant to §2.3.1 or §12.2 hereof, zero.

**Total Debt.** The sum, without duplication, of all (1) Indebtedness of the Borrower on a consolidated basis under subsections (a) through (h) of the definition of “Indebtedness” (provided, however, that Indebtedness with respect to Permitted Receivables Transactions shall not be included in such calculation), plus (2) non-contingent reimbursement obligations of the Borrower and its Subsidiaries with respect to drawings under any letters of credit.

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**Type.** When used in reference to any Loan, refers to whether the rate of interest on such Loan is determined by reference to the Eurodollar Rate, the Base Rate or, in the case of a Competitive Bid Loan, whether it is a Eurodollar Competitive Bid Loan or Absolute Competitive Bid Loan.

**U.S. Dollar Equivalent.** With respect to any amount denominated in Canadian Dollars computed at any time, the equivalent amount thereof in U.S. Dollars as determined by the Administrative Agent or the Issuing Bank, as the case may be, at such time on the basis of the Applicable Spot Rate (determined in respect of the most recent Revaluation Date).

**USA Patriot Act.** The USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

**§1.2. Rules of Interpretation.**

(a) Unless otherwise noted, a reference to any document or agreement (including this Agreement) shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms and the terms of this Agreement.

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

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

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

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

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

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

(h) Reference to a particular “§” refers to that section of this Agreement unless otherwise indicated.

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

**§1.3. Classification of Loans and Borrowings.** For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Syndicated Loan”) or by Type (e.g., a “Eurodollar Loan”) or by Class and Type (e.g., a “Eurodollar Syndicated Loan”).

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**§2. THE LOAN FACILITIES.**

**§2.1. Commitment to Lend.**

(a) Subject to the terms and conditions set forth in this Agreement, each of the Banks severally agrees to lend to the Borrower and the Borrower may borrow, repay, and reborrow from time to time between the Effective Date and the Maturity Date, upon notice by the Borrower to the Administrative Agent given in accordance with this §2, its Commitment Percentage of the Syndicated Loans requested by the Borrower; provided that the sum of the outstanding principal amount of the Syndicated Loans plus the outstanding principal amount of the Swing Line Loans plus the Maximum Drawing Amount of outstanding Letters of Credit shall not exceed the Total Commitment minus the aggregate amount of Competitive Bid Loans outstanding at such time.

(b) On the date of each request for a Loan or Letter of Credit hereunder, the Borrower shall be deemed to have made a representation and warranty that the conditions set forth in §10 and §11, as the case may be, have been satisfied on the date of such request. Any unpaid Reimbursement Obligation shall be a Base Rate Loan, as set forth in §3.2(a).

**§2.2. Facility Fee.** The Borrower agrees to pay to the Administrative Agent for the account of the Banks a fee (the "Facility Fee") on the Total Commitment (whether or not utilized) equal to the Applicable Facility Fee Rate multiplied by the Total Commitment, provided that after the expiry or termination of the Total Commitment, the Facility Fee shall be computed on the sum of (A) the Maximum Drawing Amount of all Letters of Credit, if any, outstanding from time to time and (B) all Loans outstanding from time to time. The Facility Fee shall be payable for the period from and after the Effective Date quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter, with the first such payment commencing on July 1, 2011, and on the Maturity Date (or on the date of termination in full of the Total Commitment, if earlier) and on the date of termination of all Letters of Credit and payment in full of all Loans. The Facility Fee shall be distributed pro rata among the Banks in accordance with each Bank's Commitment Percentage.

**§2.3. Reduction and Increase of Total Commitment.**

**§2.3.1 Reduction of Total Commitment.**

(a) The Borrower shall have the right at any time and from time to time upon three (3) Business Days' prior written notice to the Administrative Agent to reduce by \$25,000,000 or a greater amount, or terminate entirely, the Total Commitment, whereupon each Bank's Commitment shall be reduced pro rata in accordance with such Bank's Commitment Percentage of the amount specified in such notice or, as the case may be, terminated; provided that at no time may the Total Commitment be reduced to an amount less than the sum of (A) the Maximum Drawing Amount of all Letters of Credit (other than the amount of cash collateral or other credit support satisfactory to the Administrative Agent and each applicable Issuing Bank that the Borrower has provided

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to secure Reimbursement Obligations prior to or concurrently with such termination which would exceed the Total Commitment), and (B) all Loans then outstanding.

(b) No reduction or termination of the Total Commitment once made may be revoked; the portion of the Total Commitment reduced or terminated may not be reinstated; and amounts in respect of such reduced or terminated portion may not be reborrowed.

(c) The Administrative Agent will notify the Banks promptly after receiving any notice delivered by the Borrower pursuant to this §2.3.1 and will distribute to each Bank a revised Schedule 1 to this Agreement.

**§2.3.2 Increase of Total Commitment.** Unless a Default or Event of Default has occurred and is continuing, the Borrower may request, subject to the approval of the Administrative Agent, that the Total Commitment be increased, provided that such increase shall not, except with the consent of the Majority Banks, in any event exceed \$500,000,000 plus the amount, if any, by which the Total Commitment has been reduced as a result of the termination of the Commitments of any Bank pursuant to §5.12 hereunder; provided, however, that (i) any Bank which is a party to this Agreement prior to such increase shall have the first option, and may elect, to fund its pro rata share of the increase, thereby increasing its Commitment hereunder, but no Bank shall have any obligation to do so, (ii) in the event that it becomes necessary to include a new Bank to provide additional funding under this §2.3.2, such new Bank must be reasonably acceptable to the Administrative Agent and the Borrower, and (iii) the Banks' Commitment Percentages shall be correspondingly adjusted, as necessary, to reflect any increase in the Total Commitment and Schedule 1 shall be amended to reflect such adjustments. Any such increase in the Total Commitment shall require, among other things, the satisfaction of such conditions precedent as the Administrative Agent may reasonably require, including, without limitation, the Administrative Agent's receipt of evidence of applicable corporate authorization and other corporate documentation from the Borrower and the Guarantor and the legal opinion of counsel to the Borrower and the Guarantor, each in form and substance satisfactory to the Administrative Agent and such Banks as are participating in such increase. The Borrower shall prepay that portion of any Syndicated Loans outstanding on the effective date of any such increase to the extent necessary to keep the outstanding Syndicated Loans ratable with any revised Commitment Percentages arising from any nonratable increase in the Total Commitments under this Section.

**§2.4. Repayment of Loans; Evidence of Debt.**

(a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the pro rata account of the Banks, the then unpaid principal amount of the Syndicated Loans on the Maturity Date, (ii) to the Administrative Agent for the account of the applicable Bank, the then unpaid principal amount of such Bank's Competitive Bid Loan on the last day of the Interest Period applicable to such Loan, and (iii) to the Swing Line Bank, for its account, the then unpaid principal amount of each Swing Line Loan on the earlier of the Maturity Date and the first date after such Swing Line Loan is made that is the 15<sup>th</sup> or last day of a calendar month and is at least two Business Days after such Swing Line Loan is made; provided that on each date that a

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Syndicated Loan or Competitive Bid Loan is made, the Borrower shall repay all Swing Line Loans then outstanding.

(b) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Bank resulting from each Loan made by such Bank, including the amounts of principal and interest payable and paid to such Bank from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Bank hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Banks and each Bank's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this §2.4 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Bank or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Bank may request that any Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Bank a promissory note payable to the order of such Bank (or, if requested by Bank, to such Bank and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to §20) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

**§2.5. Interest on Loans.**

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

(b) Interest shall be payable (i) quarterly in arrears on the first Business Day of each calendar quarter, with the first such payment commencing July 1, 2011, on Base Rate Loans, (ii) on the last day of the applicable Interest Period, and if such Interest Period is longer than three months, also on the last day of each three month period following the commencement of such Interest Period, on Eurodollar Loans, and (iii) on the Maturity Date for all Loans.

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**§2.6. Requests for Syndicated Loans.**

(a) The Borrower shall give to the Administrative Agent written notice in the form of Exhibit A hereto (or telephonic notice confirmed in writing or a facsimile in the form of Exhibit A hereto) of each Syndicated Loan requested hereunder (a "Syndicated Loan Request") not later than (a) 11:00 a.m. (New York time) on the proposed Drawdown Date of any Base Rate Loan, or (b) 11:00 a.m. (New York time) three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Loan. Each such Syndicated Loan Request shall specify (A) the principal amount of the Syndicated Loan requested, (B) the proposed Drawdown Date of such Syndicated Loan, (C) whether such Syndicated Loan requested is to be a Base Rate Loan or a Eurodollar Loan, and (D) the Interest Period for such Syndicated Loan, if a Eurodollar Loan. Each Syndicated Loan requested shall be in a minimum amount of \$10,000,000. Each such Syndicated Loan Request shall reflect the Maximum Drawing Amount of all Letters of Credit outstanding and the amount of all Loans outstanding (including Competitive Bid Loans and Swing Line Loans). Syndicated Loan Requests made hereunder shall be irrevocable and binding on the Borrower, and shall obligate the Borrower to accept the Syndicated Loan requested from the Banks on the proposed Drawdown Date.

(b) Each of the representations and warranties made by the Borrower to the Banks or the Administrative Agent in this Agreement or any other Loan Document shall be true and correct in all material respects when made and shall, for all purposes of this Agreement, be deemed to be repeated by the Borrower on and as of the date of the submission of a Syndicated Loan Request, Competitive Bid Quote Request, or Letter of Credit Application and on and as of the Drawdown Date of any Loan or the date of issuance of any Letter of Credit (except to the extent (i) of changes resulting from transactions contemplated or permitted by this Agreement and the other Loan Documents and changes occurring in the ordinary course of business that either individually or in the aggregate do not result in a Material Adverse Effect, or (ii) that such representations and warranties expressly relate only to an earlier date).

(c) The Administrative Agent shall promptly notify each Bank of each Syndicated Loan Request received by the Administrative Agent (i) on the proposed Drawdown Date of any Base Rate Loan, or (ii) three (3) Eurodollar Business Days prior to the proposed Drawdown Date of any Eurodollar Loan.

**§2.7. Election of Eurodollar Rate; Notice of Election; Interest Periods; Minimum Amounts.**

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

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Banks, and each such notice to the Borrower shall be considered prima facie correct and binding, absent manifest error.

(b) Three (3) Eurodollar Business Days prior to the making of any Eurodollar Loan or the conversion of any Base Rate Syndicated Loan to a Eurodollar Loan, or, in the case of an outstanding Eurodollar Loan, the expiration date of the applicable Interest Period, the Borrower shall give written, telex or facsimile notice (or telephonic notice promptly confirmed in a writing or a facsimile) received by the Administrative Agent not later than 11:00 a.m. (New York time) of its election pursuant to §2.7(a). Each such notice delivered to the Administrative Agent shall specify the aggregate principal amount of the Syndicated Loans to be borrowed or maintained as or converted to Eurodollar Loans and the requested duration of the Interest Period that will be applicable to such Eurodollar Loan, and shall be irrevocable and binding upon the Borrower. If the Borrower shall fail to give the Administrative Agent notice of its election hereunder together with all of the other information required by this §2.7(b) with respect to any Syndicated Loan, whether at the end of an Interest Period or otherwise, such Syndicated Loan shall be deemed a Base Rate Loan. The Administrative Agent shall promptly notify the Banks in writing (or by telephone confirmed in writing or by facsimile) of such election.

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

(d) No conversion of Loans pursuant to this §2.7 may result in any Eurodollar Borrowing that is less than \$5,000,000. In no event shall the Borrower have more than ten (10) different Interest Periods for Borrowings of Eurodollar Loans outstanding at any time.

(e) Subject to the terms and conditions of §5.8 hereof, if any Affected Bank demands compensation under §5.5(c) or (d) with respect to any Eurodollar Loan, the Borrower may at any time, upon at least three (3) Business Days' prior written notice to the applicable Administrative Agent, elect to convert such Eurodollar Loan into a Base Rate Loan (on which interest and principal shall be payable contemporaneously with the related Eurodollar Loans of the other Banks). Thereafter, and until such time as the Affected Bank notifies the Administrative Agent that the circumstances giving rise to the demand for compensation under §5.5(c) or (d) no longer exist, all requests for Eurodollar Loans from such Affected Bank shall be deemed to be requests for Base Rate Loans. Once the Affected Bank notifies the Administrative Agent that such circumstances no longer exist, the Borrower may elect that the principal amount of each such Loan converted hereunder shall again bear interest as Eurodollar Loans beginning on the first day of the next succeeding Interest Period applicable to the related Eurodollar Loans of the other Banks.

**§2.8. Funds for Syndicated Loans.** Not later than 1:00 p.m. (New York time) on the proposed Drawdown Date of Syndicated Loans, each of the Banks will make available to the Administrative Agent at the Administrative Agent's Office, in immediately available funds, the amount of its Commitment Percentage of the amount of the requested Loan.

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Upon receipt from each Bank of such amount, and upon receipt of the documents required by §10 and §11 and the satisfaction of the other conditions set forth therein, the Administrative Agent will make available to the Borrower the aggregate amount of such Syndicated Loans made available by the Banks. The failure or refusal of any Bank to make available to the Administrative Agent at the aforesaid time and place on any Drawdown Date the amount of its Commitment Percentage of the requested Syndicated Loan shall not relieve any other Bank from its several obligations hereunder to make available to the Administrative Agent the amount of such Bank's Commitment Percentage of the requested Loan.

**§2.9. Maturity of the Loans and Reimbursement Obligations.** The Borrower promises to pay on the Maturity Date, and there shall become absolutely due and payable on the Maturity Date, all of the Loans and unpaid Reimbursement Obligations outstanding on such date, together with any and all accrued and unpaid interest thereon and any fees and other amounts owing hereunder.

**§2.10. Optional Prepayments or Repayments of Loans.** Subject to the terms and conditions of §5.8, the Borrower shall have the right, at its election, to repay or prepay the outstanding amount of the Loans, as a whole or in part, at any time without penalty or premium. The Borrower shall give the Administrative Agent no later than 11:00 a.m. (New York time) (a) on the proposed date of prepayment or repayment of Base Rate Loans, and (b) three (3) Eurodollar Business Day prior to the proposed date of prepayment or repayment of all other Loans, written notice (or telephonic notice confirmed in writing or by facsimile) of any proposed prepayment or repayment pursuant to this §2.10, specifying the proposed date of prepayment or repayment of Loans and the principal amount to be paid. Notwithstanding the foregoing, the Borrower may not prepay any Competitive Bid Loans without the consent of the applicable Bank. The Administrative Agent shall promptly notify each Bank by written notice (or telephonic notice confirmed in writing or by facsimile) of such notice of payment.

**§2.11. Swing Line Loans; Participations.**

(a) Subject to the terms and conditions set forth herein, the Swing Line Bank, in reliance upon the agreements of the other Banks set forth in this §2.11, shall make loans (each such loan, a "Swing Line Loan") to the Borrower on any Business Day from time to time between the Effective Date and the Maturity Date, upon notice by the Borrower to the Administrative Agent in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Commitment Percentage of the Syndicated Loans and Maximum Drawing Amount of outstanding Letters of Credit of the Bank acting as Swing Line Bank, may exceed the amount of such Bank's Commitment; provided, that after giving effect to any Swing Line Loan, (i) the sum of the outstanding principal amount of the Syndicated Loans plus the outstanding principal amount of the Swing Line Loans plus the Maximum Drawing Amount of outstanding Letters of Credit shall not exceed the Total Commitment minus the aggregate amount of Competitive Bid Loans outstanding at such time, and (ii) the aggregate outstanding principal amount of the Syndicated Loans of any Bank plus such Bank's Commitment Percentage of the outstanding principal amount of the Swing Line Loans plus such Bank's Commitment Percentage of the outstanding principal amount of the Maximum Drawing Amount of

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outstanding Letters of Credit shall not exceed such Bank's Commitment, and provided, further, that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this §2.11, prepay under §2.10, and reborrow under this §2.11. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Bank a risk participation in such Swing Line Loan in an amount equal to the product of such Bank's Commitment Percentage times the amount of such Swing Line Loan.

(b) Each Swing Line Borrowing shall be made upon the Borrower's irrevocable notice to the Swing Line Bank and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Bank and the Administrative Agent not later than 1:00 p.m. (New York time), on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Bank and the Administrative Agent of a written Swing Line Loan Request, appropriately completed and signed by an authorized officer of the Borrower. Promptly after receipt by the Swing Line Bank of any telephonic Swing Line Loan Request, the Swing Line Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Request and, if not, the Swing Line Bank will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Bank has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Bank) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Bank not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of §2.11(a), or (B) that one or more of the applicable conditions specified in §11 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Bank will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Request, make the amount of its Swing Line Loan available to the Borrower at its office by crediting the account of the Borrower on the books of the Swing Line Bank in immediately available funds.

(c) The Swing Line Bank at any time in its sole discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Bank to so request on its behalf), that each Bank make a Base Rate Syndicated Loan in an amount equal to such Bank's Commitment Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Syndicated Loan Request for purposes hereof) and in accordance with the requirements of §2.6, without regard to the minimum and multiples specified therein, but subject to the unutilized portion of the Total Aggregate Commitments and the conditions set forth in §11. The Swing Line Bank shall furnish the Borrower with a copy of the applicable Syndicated Loan Request promptly after delivering such notice to the Administrative Agent. Each Bank shall make an amount equal to its Commitment Percentage of the amount specified in such Syndicated Loan Request available to the Administrative Agent in immediately available funds (and the Administrative Agent may

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apply any cash collateral or other credit support available with respect to the applicable Swing Line Loan) for the account of the Swing Line Bank at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Syndicated Loan Request, whereupon, subject to §2.11(d), each Bank that so makes funds available shall be deemed to have made a Base Rate Syndicated Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Bank.

(d) If for any reason any Swing Line Loan cannot be refinanced by such a Syndicated Borrowing in accordance with §2.11(c), the request for Base Rate Syndicated Loans submitted by the Swing Line Bank as set forth herein shall be deemed to be a request by the Swing Line Bank that each of the Banks fund its risk participation in the relevant Swing Line Loan and each Bank's payment to the Administrative Agent for the account of the Swing Line Bank pursuant to §2.11(c) shall be deemed payment in respect of such participation.

(e) If any Bank fails to make available to the Administrative Agent for the account of the Swing Line Bank any amount required to be paid by such Bank pursuant to the foregoing provisions of this §2.11 by the time specified herein, the Swing Line Bank shall be entitled to recover from such Bank (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Bank at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Bank in accordance with banking industry practice on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swing Line Bank in connection with the foregoing. If such Bank pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Bank's Syndicated Loan included in the relevant Syndicated Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Bank submitted to any Bank (through the Administrative Agent) with respect to any amounts owing under this paragraph shall be conclusive absent manifest error.

(f) Each Bank's obligation to make Syndicated Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this §2.11 shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Bank may have against the Swing Line Bank, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, that each Bank's obligation to make Syndicated Loans pursuant to this §2.11 is subject to the conditions set forth in §11. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(g) At any time after any Bank has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Bank receives any payment on account of such

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Swing Line Loan, the Swing Line Bank will distribute to such Bank its Commitment Percentage thereof in the same funds as those received by the Swing Line Bank.

(h) If any payment received by the Swing Line Bank in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Bank under any of the circumstances described in §33 (including pursuant to any settlement entered into by the Swing Line Bank in its discretion), each Bank shall pay to the Swing Line Bank its Commitment Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Bank. The obligations of the Banks under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(i) The Swing Line Bank shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Bank funds its Base Rate Syndicated Loan or risk participation pursuant to this §2.11 to refinance such Bank's Commitment Percentage of any Swing Line Loan, interest in respect of such Commitment Percentage shall be solely for the account of the Swing Line Bank.

(j) The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Bank.

### **§3. LETTERS OF CREDIT.**

#### **§3.1. Letter of Credit Commitments.**

(a) Subject to the terms and conditions hereof and the receipt by the Administrative Agent of a written notice in the form of Exhibit C hereto (a "Letter of Credit Request") reflecting the Maximum Drawing Amount of all Letters of Credit (including the requested Letter of Credit), and receipt by an Issuing Bank, with a copy to the Administrative Agent, of a Letter of Credit Application, such Issuing Bank, on behalf of the Banks and in reliance upon the representations and warranties of the Borrower contained herein and the agreement of the Banks contained in §3.1(c) hereof, agrees to issue standby Letters of Credit (including so-called "direct pay" standby Letters of Credit) for the account of the Borrower (which may, with such Issuing Bank's consent, incorporate automatic renewals for periods of up to twelve (12) months), in such form as may be requested from time to time by the Borrower and agreed to by such Issuing Bank; provided, however, that, after giving effect to such request, the aggregate Maximum Drawing Amount of all Letters of Credit issued at any time shall not exceed the Total Commitment minus the aggregate outstanding amount of the Loans; provided further, that (i) no Letter of Credit shall have an expiration date later than the earlier of (A) eighteen (18) months after the date of issuance (which may incorporate automatic renewals for periods of up to twelve (12) months), or (B) five (5) Business Days prior to the Maturity Date; (ii) no Issuing Bank shall be under any obligation to issue any Letter of Credit if (A) any order, judgment or decree of any governmental authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing

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the Letter of Credit, or any law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such Issuing Bank with respect to the Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder or otherwise) not in effect on the Effective Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which such Issuing Bank in good faith deems material to it, (B) the issuance of the Letter of Credit would violate one or more material policies of such Issuing Bank applicable to letters of credit generally applied on a consistent basis to similarly situated letter of credit applicants, or (C) any Bank is at that time a Defaulting Bank, unless (x) such Issuing Bank has entered into arrangements, including the delivery of cash collateral or other credit support, satisfactory to such Issuing Bank (in its sole discretion), with the Borrower or such Bank to eliminate such Issuing Bank's actual or potential fronting exposure with respect to such Defaulting Bank, or (y) such actual or potential fronting exposure with respect to such Defaulting Bank has been reallocated to Banks that are non-Defaulting Banks pursuant to clause (iv) of §5.14 and (iii) the aggregate face amount of all Letters of Credit issued by any one Issuing Bank shall not at any time exceed the amount set forth opposite the name of such Issuing Bank on Schedule 3.1 hereto, as such amount may be increased (in the sole discretion of such Issuing Bank) or decreased (if so agreed by such Issuing Bank and the Borrower by the execution and delivery by such Issuing Bank, the Borrower, the Guarantor and the Administrative Agent of an instrument in substantially the form of Schedule 3.1.1 hereto. Each Issuing Bank will promptly confirm to the Administrative Agent the issuance of each Letter of Credit specifying the face amount thereof or any increase thereto, and the Administrative Agent will transmit such information to the Banks.

(b) Each Letter of Credit shall be denominated in Dollars or, in accordance with and subject to the terms of §3.1(e) hereof, in Canadian Dollars.

(c) Each Bank severally agrees that it shall be absolutely liable, without regard to the occurrence of any Default or Event of Default, the termination of the Total Commitment pursuant to §12.2, or any other condition precedent or circumstance whatsoever (other than as stated in the next sentence hereof), to the extent of such Bank's Commitment Percentage (computed after the termination of the Total Commitment in accordance with the Commitment Percentage in effect immediately prior to such Termination), to reimburse each Issuing Bank on demand for the amount of each draft paid by such Issuing Bank under each Letter of Credit issued by such Issuing Bank to the extent that such amount is not reimbursed by the Borrower pursuant to §3.2 (such agreement of a Bank being called herein the "Letter of Credit Participation" of such Bank). Each Bank agrees that its obligation to reimburse each Issuing Bank pursuant to this §3.1(c) shall not be affected in any way by any circumstance whatsoever other than the gross negligence or willful misconduct of such Issuing Bank, provided that the making of a payment under a Letter of Credit against documents that appear on their face

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to substantially comply with the terms and conditions of such Letter of Credit shall not be deemed to be gross negligence or willful misconduct.

(d) Each such reimbursement payment made by a Bank to an Issuing Bank shall be made to an account of such Issuing Bank in the United States of America and shall be treated as the purchase by such Bank of a participating interest in the applicable Reimbursement Obligation under §3.2 in an amount equal to such payment. Each Bank shall share in accordance with its participating interest in any interest which accrues pursuant to §3.2.

(e) (i) The Borrower shall be entitled to request that one or more Letters of Credit be denominated in Canadian Dollars for the account of any Canadian Subsidiary of the Borrower (each a "Canadian Dollar Letter of Credit"); provided that (i) the aggregate undrawn face amount of all Canadian Dollar Letters of Credit may not exceed C\$200,000,000 at any time and (ii) each Canadian Dollar Letter of Credit shall provide for payment of any drawing thereunder on a date not earlier than three Business Days after the relevant Issuing Bank determines that the documents submitted in connection with such drawing appear on their face to substantially comply with the terms and conditions of such Letter of Credit.

(ii) The Letter of Credit Application in respect of each Canadian Dollar Letter of Credit shall be signed by the Borrower; provided that nothing therein shall be deemed to alter the obligations of the Borrower under this Agreement in respect of any drawing under any such Letter of Credit.

(iii) If an Issuing Bank makes a payment in Canadian Dollars pursuant to a Canadian Dollar Letter of Credit, the amount of such payment shall, for all purposes of this Agreement (but without prejudice to the terms of such Letter of Credit), immediately be deemed converted into the U.S. Dollar Equivalent thereof and shall for all purposes hereof be deemed to have been made in U.S. Dollars in said amount.

(f) As of the Effective Date, the Existing Letters of Credit shall automatically be deemed to be Letters of Credit for all purposes of this Agreement, having the respective face amounts specified in Schedule 3.1.2 hereof.

(g) The parties acknowledge and agree that (i) certain of the Existing Letters of Credit have been issued by Affiliates of Issuing Banks identified in Schedule 3.1.2 hereof, and that (ii) an Issuing Bank may hereafter comply with the provisions of §3.1 in respect of the issuance of Canadian Dollar Letters of Credit by arranging for an Affiliate of such Issuing Bank organized under the laws of Canada to issue such Canadian Dollar Letter of Credit (each Letter of Credit issued by an Affiliate of an Issuing Bank as provided herein being referred to as a "Bank Affiliate Letter of Credit"), provided that such Issuing Bank shall, prior to such issuance, have notified the Administrative Agent and the Borrower of the identity of such Affiliate. The parties agree that (1) each Bank Affiliate Letter of Credit is and shall be a "Letter of Credit" for all purposes of this Agreement; (2) each reference in the definition of "Reimbursement Obligation" and in

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§3.2, §3.3 and §3.4 to an Issuing Bank shall be deemed to include the issuer of each such Bank Affiliate Letter of Credit; (3) notwithstanding the foregoing, the issuance, extension or renewal of each Letter of Credit shall remain subject to the conditions and requirements of §3.1 and §11, and each provision of this Agreement, including without limitation the last sentence of §3.1(a) and §3.5, requiring the giving of a notice hereunder by or to an Issuing Bank shall be deemed to refer to such Issuing Bank and not to such Affiliate; and (4) the obligations of the Banks, the Borrower and the Guarantor to each Issuing Bank shall, in the case of each Bank Affiliate Letter of Credit, inure to the benefit of the Affiliate issuing or having issued such Bank Affiliate Letter of Credit and be enforceable by such Affiliate and/or by such Issuing Bank on behalf of such Affiliate. Each Canadian Dollar Letter of Credit issued by a Canadian Affiliate of an Issuing Bank shall be issued on a Business Day which is not a day on which banking institutions in Toronto and Montreal, Canada are authorized by law to close.

(h) Unless otherwise expressly agreed by the Issuing Bank and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP shall apply to each standby Letter of Credit.

**§3.2. Reimbursement Obligation of the Borrower.** In order to induce the Issuing Banks to issue, extend and renew each Letter of Credit, the Borrower hereby agrees to reimburse or pay to each Issuing Bank, with respect to each Letter of Credit issued, extended or renewed by such Issuing Bank hereunder, as follows:

(a) if any draft presented under any Letter of Credit is honored by such Issuing Bank or such Issuing Bank otherwise makes payment with respect thereto, the sum of (i) the amount paid by such Issuing Bank under or with respect to such Letter of Credit (except that in the case of a payment in Canadian Dollars, it shall reimburse or pay the U.S. Dollar Equivalent thereof), and (ii) the amount of any taxes, fees, charges or other costs and expenses whatsoever incurred by such Issuing Bank in connection with any payment made by such Issuing Bank under, or with respect to, such Letter of Credit; provided, however, if the Borrower does not reimburse such Issuing Bank on the Drawdown Date, such amount shall, provided that no Event of Default under §§12.1(g) or 12.1(h) has occurred, become automatically a Base Rate Syndicated Loan advanced hereunder in an amount equal to such sum (and the Administrative Agent shall notify the Banks upon receipt of the notice thereof from the applicable Issuing Bank pursuant to §3.5, which notice shall be deemed to constitute a Syndicated Loan Request and satisfy the requirements of §2.6); and

(b) upon the date that is five (5) Business Days prior to the Maturity Date (or, if such day is not a Business Day, the next preceding Business Day) or the acceleration of the Reimbursement Obligations with respect to all Letters of Credit in accordance with §12, an amount equal to the then Maximum Drawing Amount of all outstanding Letters of Credit shall be paid by the Borrower to the Administrative Agent to be held as cash collateral for the applicable Reimbursement Obligations, and the Borrower hereby grants to the Administrative Agent a security interest therein.

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**§3.3. Obligations Absolute.** The Borrower's obligations under this §3 shall be absolute and unconditional under any and all circumstances and irrespective of the occurrence of any Default or Event of Default or any condition precedent whatsoever or any setoff, counterclaim or defense to payment which the Borrower may have or have had against any Issuing Bank, any Bank or any beneficiary of a Letter of Credit, and the Borrower expressly waives any such rights that it may have with respect thereto. The Borrower further agrees with each Issuing Bank and the Banks that such Issuing Bank and the Banks (i) shall not be responsible for, and the Borrower's Reimbursement Obligations under §3.2 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged (unless due to the willful misconduct of such Issuing Bank or any other Bank), or any dispute between or among the Borrower and the beneficiary of any Letter of Credit or any financing institution or other party to which any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrower against the beneficiary of any Letter of Credit or any such transferee, and (ii) shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit except to the extent of their own willful misconduct. The Borrower agrees that any action taken or omitted by any Issuing Bank or any Bank in good faith under or in connection with any Letter of Credit and the related drafts and documents shall be binding upon the Borrower and shall not result in any liability on the part of such Issuing Bank or any Bank (or their respective affiliates) to the Borrower. Nothing herein shall constitute a waiver by the Borrower of any of its rights against any beneficiary of a Letter of Credit.

**§3.4. Reliance by the Issuing Banks.** To the extent not inconsistent with §3.3, each Issuing Bank shall be entitled to rely, and shall be fully protected in relying, upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex or teletype message, statement, order or other document believed by such Issuing Bank in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel, independent accountants and other experts selected by such Issuing Bank.

**§3.5. Notice Regarding Letters of Credit.** One (1) Business Day prior to the issuance of any Letter of Credit or any amendment, extension or termination thereof, the applicable Issuing Bank shall notify the Administrative Agent of the terms of such Letter of Credit, amendment, extension or termination. In the case of any such issuance, amendment or extension, the Administrative Agent will promptly notify such Issuing Bank whether such issuance, amendment or extension is permissible under the limitation set forth in the proviso to §2.1(a). On the day of any drawing under any Letter of Credit, such Issuing Bank shall notify the Administrative Agent of such drawing, specifying the amount thereof, and on the day of any payment under any Letter of Credit (or failure of the Borrower to reimburse such drawing in accordance with §3.2), such Issuing Bank shall notify the Administrative Agent of such payment (or failure), specifying the amount thereof and, in the case of a payment (or failure) under a Canadian Dollar Letter of Credit, the U.S. Dollar Equivalent thereof. Additionally, each Issuing Bank shall no later than the third Business Day following the last day of each month, provide to Administrative Agent a schedule of the Letters of Credit issued by it, in form and substance reasonably satisfactory to Administrative Agent, showing the date of issuance of each Letter of

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Credit, the account party, the original face amount (if any), the Maximum Drawing Amount, the expiration date, and the reference number of any Letter of Credit outstanding at any time during each month, and showing the aggregate amount (if any) payable by the Borrower to such Issuing Bank during such month. Promptly after the receipt of such schedule from each Issuing Bank, the Administrative Agent shall provide to all Banks a summary aggregating the schedules received from each of the Issuing Banks.

**§3.6. Letter of Credit Fee; Fronting Fee.** The Borrower shall pay a fee (the "Letter of Credit Fee") equal to the Applicable L/C Rate on the Maximum Drawing Amount to the Administrative Agent for the account of the Banks, to be shared pro rata by the Banks in accordance with their respective Commitment Percentages; provided, that any Letter of Credit Fees otherwise payable for the account of a Defaulting Bank with respect to any Letter of Credit as to which such Defaulting Bank has not provided cash collateral or other credit support satisfactory to the applicable Issuing Bank shall be payable, to the maximum extent permitted by applicable Law, to the other Banks in accordance with the upward adjustments in their respective Commitment Percentages allocable to such Letter of Credit pursuant to § 5.14(iv), with the balance of such fee, if any, payable to the Issuing Bank for its own account. The Letter of Credit Fee shall be payable quarterly in arrears on the third Business Day of each calendar quarter for the quarter just ended, with the first such payment being due on July 6, 2011, and on the Maturity Date. In addition, a fronting fee (the "Fronting Fee") with respect to each Letter of Credit as agreed upon between the Borrower and each Issuing Bank shall be payable by the Borrower to such Issuing Bank for its account, and the Borrower shall pay directly to each applicable Issuing Bank for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such Issuing Bank relating to letters of credit as from time to time in effect.

#### **§4. COMPETITIVE BID LOANS.**

**§4.1. The Competitive Bid Option.** In addition to the Syndicated Loans made pursuant to §2 hereof, the Borrower may request Competitive Bid Loans pursuant to the terms of this §4. The Banks may, but shall have no obligation to, make offers for Competitive Bid Loans and the Borrower may, but shall have no obligation to, accept such offers in the manner set forth in this §4. Notwithstanding any other provision herein to the contrary, at no time shall (x) the aggregate principal amount of Competitive Bid Loans outstanding at any time exceed the Total Commitment minus the sum of (a) the aggregate outstanding principal amount of Syndicated Loans plus (b) the aggregate outstanding principal amount of Swing Loans plus (c) the Maximum Drawing Amount of Letters of Credit, outstanding at such time, and (y) there be more than 10 Competitive Bid Loans outstanding at any time.

#### **§4.2. Competitive Bid Loan Accounts; Competitive Bid Loans.**

(a) The obligation of the Borrower to repay the outstanding principal amount of any and all Competitive Bid Loans, plus interest at the applicable rate accrued thereon, shall be evidenced by this Agreement and by individual loan accounts (the "Competitive Bid Loan Accounts" and individually, a "Competitive Bid Loan Account") maintained by the Administrative Agent on its books for each of the Banks, it being the intention of the parties hereto that, except as provided for in paragraph (b) of this §4.2,

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the Borrower's obligations with respect to Competitive Bid Loans are to be evidenced only as stated herein and not by separate promissory notes.

(b) Any Bank may at any time, and from time to time, request that any Competitive Bid Loans outstanding to such Bank be evidenced by a promissory note of the Borrower in the form approved by the Administrative Agent, dated as of the Effective Date and completed with appropriate insertions.

(c) The Borrower irrevocably authorizes the Administrative Agent to make or cause to be made, in connection with a Drawdown Date of any Competitive Bid Loan or at the time of receipt of any payment of principal on the applicable Bank's Competitive Bid Loan Account, an appropriate notation on the Administrative Agent's records, reflecting the making of the Competitive Bid Loan, or the receipt of such payment (as the case may be). The outstanding amount of the Competitive Bid Loans set forth on the Administrative Agent's records, shall be prima facie evidence of the principal amount thereof owing and unpaid to such Bank, but the failure to record, or any error in so recording, any such amount shall not limit or otherwise affect the obligations of the Borrower hereunder to make payments of principal of or interest on any Competitive Bid Loan when due.

**§4.3. Competitive Bid Quote Request; Invitation for Competitive Bid Quotes.**

(a) When the Borrower wishes to request offers to make Competitive Bid Loans under this §4, it shall transmit to the Administrative Agent by telex or facsimile a Competitive Bid Quote Request substantially in the form of Exhibit F hereto (a "Competitive Bid Quote Request") so as to be received no later than 1:00 p.m. (New York time) (x) five (5) Eurodollar Business Days prior to the requested Drawdown Date in the case of a Eurodollar Competitive Bid Loan or (y) two (2) Business Days prior to the requested Drawdown Date in the case of an Absolute Competitive Bid Loan, specifying:

- (i) the requested Drawdown Date (which must be a Eurodollar Business Day in the case of a Eurodollar Competitive Bid Loan or a Business Day in the case of an Absolute Competitive Bid Loan);
- (ii) the aggregate amount of such Competitive Bid Loans, which shall be \$10,000,000 or larger multiple of \$1,000,000;
- (iii) the duration of the Interest Period(s) applicable thereto, subject to the provisions of the definition of Interest Period; and
- (iv) whether the Competitive Bid Quotes requested are for Eurodollar Competitive Bid Loans or Absolute Competitive Bid Loans.

The Borrower may request offers to make Competitive Bid Loans for more than one Interest Period in a single Competitive Bid Quote Request. No new Competitive Bid Quote Request shall be given until the Borrower has notified the Administrative Agent of

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its acceptance or non-acceptance of the Competitive Bid Quotes relating to any outstanding Competitive Bid Quote Request.

(b) Promptly upon receipt of a Competitive Bid Quote Request, the Administrative Agent shall send to the Banks by teletype or facsimile transmission an Invitation for Competitive Bid Quotes substantially in the form of Exhibit G hereto, which shall constitute an invitation by the Borrower to each Bank to submit Competitive Bid Quotes in accordance with this §4.

**§4.4. Alternative Manner of Procedure.** If, after receipt by the Administrative Agent and each of the Banks of a Competitive Bid Quote Request from the Borrower in accordance with §4.3, the Administrative Agent or any Bank shall be unable to complete any procedure of the auction process described in §§4.5 through 4.6 (inclusive) due to the inability of such Person to transmit or receive communications through the means specified therein, such Person may rely on telephonic notice for the transmission or receipt of such communications. In any case where such Person shall rely on telephone transmission or receipt, any communication made by telephone shall, as soon as possible thereafter, be followed by written confirmation thereof.

**§4.5. Submission and Contents of Competitive Bid Quotes.**

(a) Each Bank may, but shall be under no obligation to, submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Competitive Bid Quote Request. Each Competitive Bid Quote must comply with the requirements of this §4.5 and must be submitted to the Administrative Agent by telex or facsimile transmission at its offices as specified in or pursuant to §2.2 not later than (x) 2:00 p.m. (New York time) on the fourth Eurodollar Business Day prior to the proposed Drawdown Date, in the case of a Eurodollar Competitive Bid Loan or (y) 10:00 a.m. (New York time) one Business Day prior to the proposed Drawdown Date, in the case of an Absolute Competitive Bid Loan; provided that Competitive Bid Quotes may be submitted by the Administrative Agent in its capacity as a Bank only if it submits its Competitive Bid Quote to the Borrower not later than (x) one hour prior to the deadline for the other Banks, in the case of a Eurodollar Competitive Bid Loan or (y) 15 minutes prior to the deadline for the other Banks, in the case of an Absolute Competitive Bid Loan. Subject to the provisions of §§10 and 11 hereof, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Borrower.

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

(i) the proposed Drawdown Date;

(ii) the principal amount of the Competitive Bid Loan for which each proposal is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be \$5,000,000 or a larger multiple of \$1,000,000, (y) may not exceed the aggregate principal amount of

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Competitive Bid Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Competitive Bid Loans for which offers being made by such quoting Bank may be accepted;

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

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

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

(vi) the identity of the quoting Bank.

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

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

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

(ii) contains qualifying, conditional or similar language;

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

(iv) arrives after the time set forth in §4.5(a) hereof.

**§4.6. Notice to Borrower.** The Administrative Agent shall promptly notify the Borrower of the terms (x) of any Competitive Bid Quote submitted by a Bank that is in accordance with §4.5 and (y) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Bank with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Administrative Agent unless such subsequent Competitive Bid Quote is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Administrative Agent's notice to the Borrower shall specify (A) the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request, (B) the respective principal amounts and Competitive Bid Margins or Competitive Bid Rates, as the case may be, so offered, and the identity of the respective Banks submitting such offers, and (C) if applicable, limitations on the aggregate principal amount of Competitive Bid Loans for which offers in any single Competitive Bid Quote may be accepted.

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**§4.7. Acceptance and Notice by Borrower and Administrative Agent.** Not later than (x) 11:00 a.m. (New York time) on the third Eurodollar Business Day prior to the proposed Drawdown Date, in the case of a Eurodollar Competitive Bid Loan or (y) 11:00 a.m. (New York time) on the proposed Drawdown Date, in the case of an Absolute Competitive Bid Loan, the Borrower shall notify the Administrative Agent of its acceptance or non-acceptance of each Competitive Bid Quote in substantially the form of Exhibit H hereto. The Borrower may accept any Competitive Bid Quote in whole or in part; provided that:

- (i) the aggregate principal amount of each Competitive Bid Loan may not exceed the applicable amount set forth in the related Competitive Bid Quote Request;
- (ii) acceptance of offers may only be made on the basis of ascending Competitive Bid Margins or Competitive Bid Rates, as the case may be, and
- (iii) the Borrower may not accept any offer that is described in subsection 4.5(c) or that otherwise fails to comply with the requirements of this Agreement.

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

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

**§4.9. Funding of Competitive Bid Loans.** If, on or prior to the Drawdown Date of any Competitive Bid Loan, the Total Commitment has not terminated in full and if, on such Drawdown Date, the applicable conditions of §§10 and 11 hereof are satisfied, the Bank or Banks whose offers the Borrower has accepted will fund each Competitive Bid Loan so accepted. Such Bank or Banks will make such Competitive Bid Loans by crediting the Administrative Agent for further credit to the Borrower's specified account with the Administrative Agent, in immediately available funds not later than 1:00 p.m. (New York time) on such Drawdown Date.

**§4.10. Funding Losses.** If, after acceptance of any Competitive Bid Quote pursuant to §4, the Borrower (i) fails to borrow any Competitive Bid Loan so accepted on the

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date specified therefor, or (ii) repays the outstanding amount of the Competitive Bid Loan prior to the last day of the Interest Period relating thereto, the Borrower shall indemnify the Bank making such Competitive Bid Quote or funding such Competitive Bid Loan against any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such unborrowed Competitive Bid Loans, including, without limitation compensation as provided in §5.8.

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

**§5. PROVISIONS RELATING TO ALL LOANS AND LETTERS OF CREDIT.**

**§5.1. Payments.**

(a) All payments of principal, interest, Reimbursement Obligations, fees (other than the Fronting Fee) and any other amounts due hereunder or under any of the other Loan Documents shall be made to the Administrative Agent at the Administrative Agent's Office in immediately available funds by 11:00 a.m. (New York time) on any due date. Subject to the provisions of §29, if a payment is received by the Administrative Agent at or before 1:00 p.m. (New York time) on any Business Day, the Administrative Agent shall on the same Business Day transfer in immediately available funds, as applicable, to (1) each of the Banks, their pro rata portion of such payment in accordance with their respective Commitment Percentages, in the case of payments with respect to Syndicated Loans and Letters of Credit, (2) the Swing Line Bank in the case of payments with respect to Swing Line Loans, and (3) the appropriate Bank(s), in the case of payments with respect to Competitive Bid Loans. If such payment is received by the Administrative Agent after 1:00 p.m. (New York time) on any Business Day, such transfer shall be made by the Administrative Agent to the applicable Bank(s) on the next Business Day.

(b) All payments by the Borrower and the Guarantor hereunder and under any of the other Loan Documents shall be made without recoupment, setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Borrower or

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the Guarantor is compelled by law to make such deduction or withholding. If any such obligation is imposed upon the Borrower or the Guarantor with respect to any amount payable by it hereunder or under any of the other Loan Documents, the Borrower or the Guarantor, as the case may be, will pay to the Administrative Agent, for the account of the Banks or (as the case may be) the Administrative Agent, on the date on which such amount is due and payable hereunder or under such other Loan Document, such additional amount in Dollars as shall be necessary to enable the Banks or the Administrative Agent to receive the same net amount which the Banks or the Administrative Agent would have received on such due date had no such obligation been imposed upon the Borrower or the Guarantor. The Borrower and the Guarantor will deliver promptly to the Administrative Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by it hereunder or under such other Loan Document.

(c) Each Bank that is not incorporated or organized under the laws of the United States of America or a state thereof or the District of Columbia (a "Non-U.S. Bank") agrees that, prior to the first date on which any payment is due to it hereunder, it will deliver to the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI or successor applicable form, as the case may be, certifying in each case that such Non-U.S. Bank is entitled to receive payments under this Agreement, without deduction or withholding of any United States federal income taxes. Each Non-U.S. Bank that so delivers a Form W-8BEN or W-8ECI pursuant to the preceding sentence further undertakes to deliver to each of the Borrower and the Administrative Agent two further copies of Form W-8BEN or W-8ECI or successor applicable form, or other manner of certification, as the case may be, on or before the date that any such letter or form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower, and such extensions or renewals thereof as may reasonably be requested by the Borrower, certifying in the case of a Form W-8BEN or W-8ECI that such Non-U.S. Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Non-U.S. Bank from duly completing and delivering any such form with respect to it and such Non-U.S. Bank advises the Borrower that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(d) The Borrower shall not be required to pay any additional amounts to any Non-U.S. Bank in respect of United States Federal withholding tax pursuant to §17 to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Bank became a party to this Agreement or, with respect to payments to a different lending office designated by the Non-U.S. Bank as its applicable lending office (a "New Lending Office"), the date such Non-U.S. Bank designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any transferee or New Lending Office as a

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result of an assignment, transfer or designation made at the request of the Borrower; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any transferee, or Bank through a New Lending Office, would be entitled to receive without regard to this clause (i) do not exceed the indemnity payment or additional amounts that the Person making the assignment or transfer to such transferee, or Bank making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, transfer or designation; or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Bank to comply with the provisions of paragraph (b) above.

(e) Notwithstanding the foregoing, each Bank agrees to use reasonable efforts (consistent with legal and regulatory restrictions) to change its lending office to avoid or to minimize any amounts otherwise payable under §17 in each case solely if such change can be made in a manner so that such Bank, in its sole determination, suffers no legal, economic or regulatory disadvantage.

**§5.2. Mandatory Repayments of the Loans.** If at any time (including without limitation by reason of fluctuation in the rate of exchange between the Canadian Dollar and the U.S. Dollar) the sum of the outstanding principal amount of the Loans plus the Maximum Drawing Amount of all outstanding Letters of Credit exceeds the Total Commitment, whether by reduction of the Total Commitment or otherwise, then the Borrower shall immediately pay the amount of such excess to the Administrative Agent, (i) for application to the Loans, first to Swing Line Loans, second to Syndicated Loans, then to Competitive Bid Loans, subject to §5.8, or (ii) if no Loans shall be outstanding, to be held by the Administrative Agent for the benefit of the Banks as collateral security for such excess Maximum Drawing Amount and the Borrower hereby grants a security interest in such amount to the Administrative Agent for the benefit of the Banks; provided, however, that if the amount of cash collateral held by the Administrative Agent pursuant to this §5.2 exceeds the Maximum Drawing Amount required to be collateralized from time to time, the Administrative Agent shall return such excess to the Borrower.

**§5.3. Computations.** Except as otherwise expressly provided herein, all computations of interest, Facility Fees, Letter of Credit Fees or other fees shall be based on a 360-day year and paid for the actual number of days elapsed, except that computations based on the Base Rate (including Base Rate Loans determined by reference to the Eurodollar Rate) shall be based on a 365 or 366, as applicable, day year and paid for the actual number of days elapsed. Whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest shall accrue during such extension; provided that for any Interest Period for any Eurodollar Loan if such next succeeding Business Day falls in the next succeeding calendar month or after the Maturity Date, it shall be deemed to end on the next preceding Business Day.

**§5.4. Illegality; Inability to Determine Eurodollar Rate.** Notwithstanding any other provision of this Agreement (other than §5.10), if (a) the introduction of, any change in, or any change in the interpretation of, any law or regulation applicable to any Bank or the Administrative Agent shall make it unlawful, or any central bank or other governmental

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authority having jurisdiction thereof shall assert that it is unlawful, for any Bank or the Administrative Agent to perform its obligations in respect of any Eurodollar Loans or in connection with an existing or proposed Base Rate Loan bearing interest at the rate described in clause (c) of the definition of Base Rate, or (b) if the Majority Banks or the Administrative Agent, as applicable, shall reasonably determine with respect to Eurodollar Loans that (i) by reason of circumstances affecting any Eurodollar interbank market, adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate which would otherwise be applicable during any Interest Period, or (ii) deposits of Dollars in the relevant amount for the relevant Interest Period are not available to such Banks or the Administrative Agent in any Eurodollar interbank market, or (iii) the Eurodollar Rate does not or will not accurately reflect the cost to such Banks or the Administrative Agent of obtaining or maintaining the Eurodollar Loans during any Interest Period, then such Banks (through the Administrative Agent) or the Administrative Agent shall promptly give telephonic, telex or cable notice of such determination to the Borrower (which notice shall be conclusive and binding upon the Borrower). Upon such notification, the obligation of the Banks and the Administrative Agent to make Eurodollar Loans shall be suspended and, in the event of clauses (a) or (b)(i) or (ii) of the immediately preceding sentence, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Banks or the Administrative Agent, as the case may be, determine that such circumstances no longer exist, and to the extent permitted by law the outstanding Eurodollar Loans shall continue to bear interest at the applicable rate based on the Eurodollar Rate until the end of the applicable Interest Period, and thereafter shall be deemed converted to Base Rate Loans in equal principal amounts to such former Eurodollar Loans.

**§5.5. Additional Costs, Etc.** If any present or future applicable law (which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any Bank by any central bank or other fiscal, monetary or other authority, whether or not having the force of law; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be included in such expression, regardless of the date enacted, adopted or issued) shall:

- (a) subject such Bank to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to this Agreement, the other Loan Documents, such Bank's Commitment or the Loans (other than taxes based upon or measured by the income or profits of such Bank imposed by the jurisdiction of its incorporation or organization, or the location of its lending office); or
  - (b) materially change the basis of taxation (except for changes in taxes on income or profits of such Bank imposed by the jurisdiction of its incorporation or organization, or the location of its lending office) of payments to such Bank of the
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principal or of the interest on any Loans or any other amounts payable to such Bank under this Agreement or the other Loan Documents; or

(c) except as provided in §5.6 or as otherwise reflected in the Base Rate, the Eurodollar Rate, or the applicable rate for Competitive Bid Loans, impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or commitments of, an office of any Bank with respect to this Agreement, the other Loan Documents, such Bank's Commitment or the Loans; or

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

(i) to increase the cost to such Bank of making, funding, issuing, renewing, extending or maintaining the Loans or such Bank's Commitment or issuing or participating in Letters of Credit;

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

(iii) to require such Bank to make any payment or to forego any interest or other sum payable hereunder, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by such Bank from the Borrower hereunder,

then, and in each such case, the Borrower will, upon demand made by such Bank at any time and from time to time as often as the occasion therefor may arise (which demand shall be accompanied by a statement setting forth the basis of such demand which shall be conclusive absent manifest error), pay such reasonable additional amounts as will be sufficient to compensate such Bank for such additional costs, reduction, payment or foregone interest or other sum; provided that the determination and allocation of amounts, if any, claimed by any Bank under this §5.5 are made on a reasonable basis in a manner consistent with such Bank's treatment of customers of such Bank that such Bank considers, in its reasonable discretion, to be similar to the Borrower and having generally similar provisions in their agreements with such Bank.

**§5.6. Capital Adequacy.** If any Bank shall have determined that, after the date hereof, (a) the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any such law, rule, or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or

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comparable agency, or (b) compliance by such Bank or the Administrative Agent or any corporation controlling such Bank or the Administrative Agent with any law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) of any such entity regarding capital adequacy, has or would have the effect of reducing the rate of return on capital of such Bank (or any corporation controlling such Bank) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or any corporation controlling such Bank) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 15 days after demand by such Bank, the Borrower shall pay to such Bank such additional amount or amounts as will, in such Bank's reasonable determination, fairly compensate such Bank (or any corporation controlling such Bank) for such reduction. Each Bank shall allocate such cost increases among its customers in good faith and on an equitable basis.

**§5.7. Certificate.** A certificate setting forth the additional amounts payable pursuant to §5.5 or §5.6 and a reasonable explanation of such amounts which are due, submitted by any Bank to the Borrower, shall be conclusive, absent manifest error, that such amounts are due and owing; provided that no Bank shall be entitled to additional amounts with respect to events or circumstances occurring more than one hundred and twenty (120) days prior to the delivery of such certificate.

**§5.8. Eurodollar and Competitive Bid Indemnity.** The Borrower agrees to indemnify the Banks and the Administrative Agent and to hold them harmless from and against any reasonable loss, cost or expense that any such Bank and the Administrative Agent may sustain or incur as a consequence of (a) the default by the Borrower in payment of the principal amount of or any interest on any Eurodollar Loans or Competitive Bid Loans as and when due and payable, including any such loss or expense arising from interest or fees payable by any Bank or the Administrative Agent to lenders of funds obtained by it in order to maintain its Eurodollar Loans or Competitive Bid Loans, (b) the default by the Borrower in making a Borrowing of a Eurodollar Loan or Competitive Bid Loan or conversion of a Eurodollar Loan or a prepayment of a Eurodollar or Competitive Bid Loan after the Borrower has given (or is deemed to have given) a Syndicated Loan Request, a notice pursuant to §2.7 or a Notice of Acceptance/Rejection of Competitive Bid Quote(s), or a notice pursuant to §2.10, and (c) the making of any payment of a Eurodollar Loan or Competitive Bid Loan, or the making of any conversion of any Eurodollar Loan to a Base Rate Loan, on a day that is not the last day of the applicable Interest Period with respect thereto. Such loss, cost, or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by each Bank of (i) its cost of obtaining the funds for (A) the Eurodollar Loan being paid, prepaid, converted, not converted, reallocated, or not borrowed, as the case may be (based on the Eurodollar Rate), or (B) the Competitive Bid Loan being paid, prepaid, or not borrowed, as the case may be (based on the applicable interest rate) for the period from the date of such payment, prepayment, conversion, or failure to borrow or convert, as the case may be, to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for the Loan which would have commenced on the date of such failure to borrow) over (ii) the amount of interest (as reasonably determined by such Bank) that would be realized by such Bank in reemploying the funds so paid, prepaid, converted, or not

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borrowed, converted, or prepaid for such period or Interest Period, as the case may be, which determinations shall be conclusive absent manifest error.

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

**§5.10. Interest Limitation.** Notwithstanding any other term of this Agreement, any other Loan Document or any other document referred to herein or therein, the maximum amount of interest which may be charged to or collected from any Person liable hereunder by any Bank shall be absolutely limited to, and shall in no event exceed, the maximum amount of interest which could lawfully be charged or collected by such Bank under applicable laws (including, to the extent applicable, the provisions of §5197 of the Revised Statutes of the United States of America, as amended, and 12 U.S.C. §85, as amended, and without prejudice to the first sentence of §26 hereof).

**§5.11. Reasonable Efforts to Mitigate.** Each Bank agrees that as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that would cause it to be affected under §§5.4, 5.5 or 5.6, such Bank will give notice thereof to the Borrower, with a copy to the Administrative Agent and, to the extent so requested by the Borrower and not inconsistent with such Bank's internal policies, such Bank shall use reasonable efforts and take such actions as are reasonably appropriate if as a result thereof the additional moneys which would otherwise be required to be paid to such Bank pursuant to such sections would be materially reduced, or the illegality or other adverse circumstances which would otherwise require a conversion of such Loans or result in the inability to make such Loans pursuant to such sections would cease to exist, and in each case if, as determined by such Bank in its sole discretion, the taking of such actions would not adversely affect such Loans or such Bank or otherwise be disadvantageous to such Bank.

**§5.12. Replacement of Banks; Termination of Commitments.** If any Bank (an "Affected Bank") (i) makes demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to §§5.5 or 5.6, (ii) is unable to make or maintain Eurodollar Loans as a result of a condition described in §5.4, (iii) is a Defaulting Bank, or (iv) is a Non-Consenting Bank (as defined below), the Borrower may, within 90 days of receipt of such demand, notice (or the occurrence of such other event causing the Borrower to be required to pay such compensation or causing §5.4 to be applicable), default or approval of such amendment, waiver or consent by the Majority Banks, as the case may be, by notice (a "Replacement Notice") in writing to the Administrative Agent and such Affected Bank (A) request the Affected Bank to cooperate with the Borrower in obtaining a replacement bank satisfactory to the Administrative Agent and the Borrower (the "Replacement Bank") as provided herein, but none of such Banks shall be under an obligation to find a Replacement Bank; (B) request the non-Affected Banks to acquire and assume all of the Affected Bank's Loans and Commitment, and to participate in Letters of Credit as provided herein, but none of such Banks shall be under an obligation to do so; (C) designate a Replacement Bank reasonably satisfactory to the Administrative Agent; or (D) so long as no Event of Default

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has occurred and is continuing, terminate the Commitments of such Bank as set forth below. If any satisfactory Replacement Bank shall be obtained, and/or any of the non-Affected Banks shall agree to acquire and assume all of the Affected Bank's Loans and Commitment, and obligations to participate in Letters of Credit, then the Borrower may, upon notice to such Affected Bank and the Administrative Agent, require such Affected Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, §20), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment), provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee specified in §20 (to the extent not waived);

(ii) subject to the provisions in §5.14 with respect to any Defaulting Bank in the case of reallocation of payments to such Defaulting Bank for amounts described in clauses first, sixth and seventh of such §5.14, such Affected Bank shall have received payment of an amount equal to 100% of the outstanding principal of its Loans and funded participations in Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under §§5.5, 5.6 and 5.8) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under §§5.5 or 5.6, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable law.

A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Upon the effective date of such assignment, such Replacement Bank shall become a "Bank" for all purposes under this Agreement and the other Loan Documents.

If the Borrower elects to terminate the Commitments of a Bank in accordance with clause (D) above, all of the Commitments of such Bank shall be terminated immediately (with the Total Commitment reduced in a like amount on a non-pro rata basis) upon the later of (i) the date of the receipt by the Administrative Agent and such Bank of the Borrower's written notice of such election and (ii) the date that the Borrower has repaid all outstanding principal of its Loans of such Bank and provided cash collateral or other credit support satisfactory to the Administrative Agent and each applicable Issuing Bank with respect to all such Bank's Letters of Credit, together with accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under §§5.5, 5.6 and 5.8) (which payments and credit support may be held and applied to the Loans, interest, fees and other obligations of such Bank on a non-pro rata basis with payments made to the other Banks, notwithstanding the provisions of §29 to the contrary); provided, that the Borrower may not

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terminate the Commitments of a Bank pursuant to this paragraph if, after giving effect to such termination and the repayment of Loans of such Bank required hereby, the sum of (x) the outstanding principal amount of the Loans plus (y) the Maximum Drawing Amount of outstanding Letters of Credit minus (z) the amount of cash collateral or other credit support satisfactory to the Administrative Agent and each applicable Issuing Bank that the Borrower has provided to secure Reimbursement Obligations prior to or concurrently with such termination which would exceed the Total Commitment.

For the purposes of this §5.12, a "Non-Consenting Bank" means a Bank that fails to approve an amendment, waiver or consent requested by the Borrower pursuant to §15.9 that has received the written approval of not less than the Majority Banks but also requires the approval of such Bank.

**§5.13. Advances by Administrative Agent.** Unless the Administrative Agent shall have been notified in writing by any Bank prior to a borrowing hereunder that such Bank will not make the amount that would constitute its allocable share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Bank is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the borrowing date therefor, such Bank shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Rate for the period until such Bank makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Bank with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error. If such Bank's Commitment Percentage of such borrowing is not made available to the Administrative Agent by such Bank within three Business Days of such borrowing date, the Administrative Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to such Loan hereunder, on demand, from the Borrower.

**§5.14. Defaulting Banks.** Notwithstanding anything to the contrary contained in this Agreement, if any Bank becomes a Defaulting Bank, then, until such time as such Bank is no longer a Defaulting Bank, to the extent permitted by applicable law:

(i) such Defaulting Bank's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in §15.9;

(ii) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of any such Bank on account of such Bank's Syndicated Loans, shall be applied by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Bank to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Bank to the Issuing Banks or Swing Line Bank hereunder; *third*, if so determined by the Administrative Agent or requested by the Issuing Banks or Swing Line Bank, to be held as cash collateral for future funding obligations of that Defaulting Bank of any participation in any Swing

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Line Loan or Letter of Credit (and each such Bank hereby grants to the Administrative Agent a security interest therein); *fourth*, if the Borrower so requests (so long as no Default or Event of Default exists), to the funding of any Syndicated Loan in respect of which that Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Bank to fund Syndicated Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Banks as a result of any judgment of a court of competent jurisdiction obtained by any Bank against that Defaulting Bank as a result of that Defaulting Bank's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Bank as a result of that Defaulting Bank's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Bank or as otherwise directed by a court of competent jurisdiction, provided that if (x) such payment is a payment of the principal amount of any Syndicated Loans or Letter of Credit Participations in respect of which that Defaulting Bank has not fully funded its appropriate share and (y) such Loans or Letter of Credit Participations were made at a time when the conditions set forth in §11 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and Letter of Credit Participations owed to, all non-Defaulting Banks on a pro rata basis prior to being applied to the payment of any Loans of, or Letter of Credit Participations owed to, that Defaulting Bank (and any such amounts paid or payable to a Defaulting Bank that are applied to pay amounts owed by a Defaulting Bank or to post cash collateral pursuant to this §5.14 shall be deemed paid to and redirected by such Defaulting Bank, and each Bank irrevocably consents hereto);

(iii) such Defaulting Bank (x) shall be entitled to receive Facility Fees only to extent allocable to the sum of (1) the outstanding amount of the Syndicated Loans funded by it and (2) its Commitment Percentage of the stated amount of Letters of Credit and Swing Line Loans for which it has provided cash collateral or other credit support satisfactory to each Issuing Bank (in its sole discretion) and the Swing Line Bank (in its sole discretion) (and the Borrower shall (A) be required to pay to each Issuing Bank and the Swing Line Bank, as applicable, the amount of such Facility Fee allocable to its fronting exposure arising from that Defaulting Bank and (B) not be required to pay the remaining amount of such fee that otherwise would have been required to have been paid to that Defaulting Bank) and (y) shall be limited in its right to receive Letter of Credit Fees as provided in §3.6;

(iv) for purposes of computing the amount of the obligation of each non-Defaulting Bank to acquire, refinance or fund participations in Letters of Credit or Swing Line Loans hereunder, including, without limitation, under §3.1(c), the "Commitment Percentage" of each non-Defaulting Bank shall be computed without giving effect to the Commitment of that Defaulting Bank using

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a fraction the numerator of which is the Commitment of such non-Defaulting Bank and the denominator of which is the aggregate Commitments of all non-Defaulting Banks; provided, that, (A) the foregoing change in computation shall be given effect only if, at the date the applicable Bank becomes a Defaulting Bank, no Default or Event of Default exists, and (B) the aggregate obligation of each non-Defaulting Bank to acquire, refinance or fund participations in Letters of Credit and Swing Line Loans shall not exceed the positive difference, if any, of (1) the Commitment of that non-Defaulting Bank minus (2) the aggregate outstanding amount of the Syndicated Loans of that non-Defaulting Bank; and

(v) immediately upon the request of the Administrative Agent or any Issuing Bank and provided that such Defaulting Bank has not provided cash collateral or other credit support satisfactory to the Administrative Agent or each such Issuing Bank (in its sole discretion)(which each Bank hereby agrees to provide in the event that it becomes a Defaulting Bank), the Borrower shall deliver to the Administrative Agent cash collateral or other credit support satisfactory to the Administrative Agent or each such Issuing Bank (in its sole discretion) (and the Borrower hereby grants to the Administrative Agent a security interest therein) in an amount sufficient to cover the fronting exposure of such Persons for the Defaulting Bank's participation in any outstanding Letters of Credit after giving effect to the reallocation of such exposure to the non-Defaulting Banks pursuant to clause (iv) above and any cash collateral or other credit support provided by the Defaulting Bank.

If the Borrower, the Administrative Agent, the Swing Line Bank and the Issuing Banks agree in writing in their sole discretion that a Defaulting Bank should no longer be deemed to be a Defaulting Bank, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral or other credit support satisfactory to the Administrative Agent, the Swing Line Bank and each applicable Issuing Bank), such Bank will purchase such portion of outstanding Syndicated Loans of the other Banks or take such other actions as the Administrative Agent may determine to be necessary to cause the Syndicated Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Banks in accordance with their Commitment Percentages (disregarding any portions not funded by other Defaulting Banks), whereupon such Bank will cease to be a Defaulting Bank; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while such Bank was a Defaulting Bank; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to Bank will constitute a waiver or release of any claim of any party hereunder arising from such Bank's having been a Defaulting Bank

**§6. REPRESENTATIONS AND WARRANTIES.** The Borrower (and the Guarantor, where applicable) represents and warrants to the Banks that:

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**§6.1. Corporate Authority.**

(a) Incorporation; Good Standing. The Borrower and each of its Significant Subsidiaries (i) is duly organized, validly existing and in good standing under the laws of its respective jurisdiction of formation, (ii) has all requisite corporate power to own its property and conduct its business as now conducted and as presently contemplated, and (iii) is in good standing and is duly authorized to do business in each jurisdiction in which its property or business as presently conducted or contemplated makes such qualification necessary, except where a failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization. The execution, delivery and performance of its Loan Documents and the transactions contemplated hereby and thereby (i) are within the corporate authority of the Borrower and the Guarantor, (ii) have been duly authorized by all necessary corporate proceedings on the part of each of the Borrower and the Guarantor, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which any of the Borrower or the Guarantor or any of their Subsidiaries is subject, (iv) do not contravene any judgment, order, writ, injunction, license or permit applicable to the Borrower, the Guarantor or any of their Subsidiaries so as to have a Material Adverse Effect, and (v) do not conflict with any provision of the corporate charter or bylaws of the Borrower, the Guarantor or any Significant Subsidiary or any agreement or other instrument binding upon the Borrower, the Guarantor or any of their Significant Subsidiaries, except for those conflicts with any such agreement or instrument which could not reasonably be expected to have a Material Adverse Effect.

(c) Enforceability. The execution, delivery and performance of the Loan Documents by the Borrower and the Guarantor will result in valid and legally binding obligations of the Borrower and the Guarantor enforceable against them in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights generally and general principles of equity.

**§6.2. Governmental and Other Approvals.** The execution, delivery and performance of the Loan Documents by the Borrower and the Guarantor and the consummation by the Borrower and the Guarantor of the transactions contemplated hereby and thereby do not require any approval or consent of, or filing with, any governmental agency or authority or other third party other than those already obtained and those required after the date hereof in connection with the Borrower's performance of the covenants contained in §§7, 8 and 9 hereof.

**§6.3. Title to Properties; Leases.** The Borrower and its Subsidiaries own all of the assets reflected in the consolidated balance sheet as at the Interim Balance Sheet Date or acquired since that date (except property and assets (a) operated under Capital Leases, (b) sold or otherwise disposed of in the ordinary course of business since that date, or (c) consolidated in

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accordance with variable entity guidance in FASB ASC 810), subject to no Liens except Permitted Liens.

**§6.4. Financial Statements; Solvency.**

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

(b) The Borrower on a consolidated basis (both before and after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., it has assets having a fair value in excess of the amount required to pay its probable liabilities on its existing debts as they become absolute and matured) and has, and expects to have, the ability to pay its debts from time to time incurred in connection therewith as such debts mature.

**§6.5. No Material Changes, Etc.** Since the Balance Sheet Date, there have been no material adverse changes in the consolidated financial condition, business, assets or liabilities (contingent or otherwise) of the Borrower and its Subsidiaries, taken as a whole, other than changes in the ordinary course of business which have not had a Material Adverse Effect.

**§6.6. Franchises, Patents, Copyrights, Etc.** The Borrower and each of its Subsidiaries possess all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of their business substantially as now conducted (other than those the absence of which would not have a Material Adverse Effect) without known conflict with any rights of others other than a conflict which would not have a Material Adverse Effect.

**§6.7. Litigation.** Except as set forth on Schedule 6.7 or in the Disclosure Documents, there are no actions, suits, proceedings or investigations of any kind pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries before any court, tribunal or administrative agency or board which, either in any case or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

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**§6.8. No Materially Adverse Contracts, Etc.** Neither the Borrower nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Borrower's or such Subsidiary's officers has or could reasonably be expected in the future to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Borrower's or its Subsidiary's officers has or could reasonably be expected to have any Material Adverse Effect, except as otherwise reflected in adequate reserves as required by GAAP.

**§6.9. Compliance With Other Instruments, Laws, Etc.** Neither the Borrower nor any of its Subsidiaries is (a) violating any provision of its charter documents or bylaws or (b) violating any agreement or instrument to which any of them may be subject or by which any of them or any of their properties may be bound or any decree, order, judgment, or any statute, license, rule or regulation, in a manner which could (in the case of such agreements or such instruments) reasonably be expected to result in a Material Adverse Effect.

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

**§6.11. No Event of Default.** No Default or Event of Default has occurred hereunder and is continuing.

**§6.12. Investment Company Act.** Neither the Borrower nor any of its Subsidiaries is a "registered investment company", or an "affiliated company" or a "principal underwriter" of a "registered investment company", as such terms are defined in the Investment Company Act of 1940.

**§6.13. Absence of Financing Statements, Etc.** Except as permitted by §8.1 of this Agreement, there is no Indebtedness senior to the Obligations, and except for Permitted Liens, there are no Liens, or any effective financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry, or other public office, which purports to cover, affect or give notice of any present or

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possible future Lien on any assets or property of the Borrower or any of its Subsidiaries or right thereunder.

**§6.14. Employee Benefit Plans.**

**§6.14.1 In General.** Each Employee Benefit Plan has been maintained and operated in material compliance with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions. Promptly upon the request of any Bank or the Administrative Agent, the Borrower will furnish to the Administrative Agent the most recently completed annual report, Form 5500, with all required attachments, and actuarial statement required to be submitted under §103(d) of ERISA, with respect to each Guaranteed Pension Plan.

**§6.14.2 Terminability of Welfare Plans.** Under each Employee Benefit Plan which is an employee welfare benefit plan within the meaning of §3(1) or §3(2)(B) of ERISA, no benefits are due unless the event giving rise to the benefit entitlement occurs prior to plan termination (except as required by Title 1, Part 6 of ERISA). The Borrower or an ERISA Affiliate, as appropriate, may terminate each such employee welfare benefit plan at any time (or at any time subsequent to the expiration of any applicable bargaining agreement) in the discretion of the Borrower or such ERISA Affiliate without material liability to any Person.

**§6.14.3 Guaranteed Pension Plans.** Each contribution required to be made to a Guaranteed Pension Plan, whether required to be made to avoid the incurrence of an accumulated funding deficiency, the notice or lien provisions of §303(k) of ERISA, or otherwise, has been timely made. No waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan. No liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred by the Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan (other than Terminated Plans) and there has not been any ERISA Reportable Event, or any other event or condition which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Other than with respect to the Terminated Plans, based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within twelve months of the date of this representation), and on the actuarial methods and assumptions employed for that valuation, each Guaranteed Pension Plan is in compliance with the minimum funding standards as set forth in §302 of ERISA and is not subject to any restrictions concerning (i) providing shutdown or similar benefits, (ii) amendments to increase benefits, (iii) paying lump sums or (iv) continuing to accrue benefits, as described by the Pension Protection Act of 2006.

**§6.14.4 Multiemployer Plans.** Except for liabilities that have been discharged prior to the Effective Date or as to which accruals have been made in accordance with GAAP prior to the Effective Date as reflected in the Disclosure Documents, neither the Borrower nor any ERISA Affiliate has incurred any material liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under §4201 of ERISA or as a result of a sale of assets described in §4204 of ERISA. Neither the Borrower nor any ERISA Affiliate has been notified that any Multiemployer Plan is

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in reorganization or insolvent under and within the meaning of §4241 or §4245 of ERISA or that any Multiemployer Plan intends to terminate or has been terminated under §4041A of ERISA.

**§6.15. Environmental Compliance.** The Borrower and its Subsidiaries have taken all steps that they have deemed reasonably necessary to investigate the past and present condition and usage of the Real Property and the operations conducted by the Borrower and its Subsidiaries and, based upon such diligent investigation, have determined that, except as set forth on Schedule 6.15 or in the Disclosure Documents:

(a) Neither the Borrower, its Significant Subsidiaries, nor any operator of their properties, is in violation, or alleged violation, of any judgment, decree, order, law, permit, license, rule or regulation pertaining to environmental matters, including without limitation, those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, or any applicable international, federal, state, provincial, territorial or local statute, regulation, ordinance, order or decree relating to health, safety, waste transportation or disposal, or the environment (the "Environmental Laws"), which violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Except with respect to any such matters that could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any of its Significant Subsidiaries has received notice from any third party including, without limitation: any federal, state, provincial, territorial or local governmental authority, (i) that any one of them has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B; (ii) that any hazardous waste, as defined by 42 U.S.C. §6903(5), any hazardous substances as defined by 42 U.S.C. §9601(14), any pollutant or contaminant as defined by 42 U.S.C. §9601(33) or any toxic substance, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws, excluding household hazardous waste ("Hazardous Substances"), which any one of them has generated, transported or disposed of, has been found at any site at which a federal, state, provincial, territorial or local agency or other third party has conducted or has ordered that the Borrower or any of its Significant Subsidiaries conduct a remedial investigation, removal or other response action pursuant to any Environmental Law; or (iii) that it is or shall be a named party to any claim, action, cause of action, complaint, legal or administrative proceeding arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the Release of Hazardous Substances.

(c) Except for those occurrences or situations that could not reasonably be expected to have a Material Adverse Effect, (i) no portion of the Real Property or other assets of the Borrower and its Significant Subsidiaries has been used for the handling, processing, storage or disposal of Hazardous Substances except in accordance with applicable Environmental Laws; (ii) in the course of any activities conducted by the

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Borrower, its Significant Subsidiaries, or operators of the Real Property or other assets of the Borrower and its Significant Subsidiaries, no Hazardous Substances have been generated or are being used on such properties except in accordance with applicable Environmental Laws; (iii) there have been no unpermitted Releases or threatened Releases of Hazardous Substances on, upon, into or from the Real Property or other assets of the Borrower or its Significant Subsidiaries; and (iv) any Hazardous Substances that have been generated on the Real Property or other assets of the Borrower or its Significant Subsidiaries have been transported offsite only by carriers having an identification number issued by the EPA, treated or disposed of only by treatment or disposal facilities maintaining valid permits as required under applicable Environmental Laws, which transporters and facilities have been and are, to the Borrower's knowledge, operating in compliance with such permits and applicable Environmental Laws.

**§6.16. Disclosure.** No representation or warranty made by the Borrower or the Guarantor in this Agreement or in any agreement, instrument, document, certificate, or financial statement furnished to the Banks or the Administrative Agent by or on behalf of or at the request of the Borrower and the Guarantor in connection with any of the transactions contemplated by the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein, taken as a whole, not misleading in light of the circumstances in which they are made.

**§6.17. Permits and Governmental Authority.** All permits (other than those the absence of which could not reasonably be expected to have a Material Adverse Effect) required for the construction and operation of all landfills currently owned or operated by the Borrower or any of its Significant Subsidiaries have been obtained and remain in full force and effect and are not subject to any appeals or further proceedings or to any unsatisfied conditions that may allow material modification or revocation. Neither the Borrower nor any of its Subsidiaries, nor, to the knowledge of the Borrower, the holder of such permits is in violation of any such permits, except for any violation which could not reasonably be expected to have a Material Adverse Effect.

**§6.18. Margin Stock.** The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Loans will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock in violation of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

**§7. AFFIRMATIVE COVENANTS OF THE BORROWER.** The Borrower agrees that, so long as any Obligation or Letter of Credit is outstanding or the Banks have any obligation to make Loans or any Issuing Bank has any obligation to issue, extend or renew any Letter of Credit hereunder, or the Banks have any obligations to reimburse any Issuing Bank for drawings honored under any Letter of Credit, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

**§7.1. Punctual Payment.** The Borrower will duly and punctually pay or cause to be paid the principal of and interest on the Loans, all Reimbursement Obligations, fees

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and other amounts provided for in this Agreement and the other Loan Documents, all in accordance with the terms of this Agreement and such other Loan Documents.

**§7.2. Maintenance of U.S. Office.** The Borrower will maintain its chief executive offices at Houston, Texas, or at such other place in the United States of America as the Borrower shall designate upon 30 days' prior written notice to the Administrative Agent.

**§7.3. Records and Accounts.** The Borrower will, and will cause each of its Subsidiaries to, keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with GAAP and with the requirements of all regulatory authorities and maintain adequate accounts and reserves for all taxes (including income taxes), depreciation, depletion, obsolescence and amortization of its properties, all other contingencies, and all other proper reserves.

**§7.4. Financial Statements, Certificates and Information.** The Borrower will deliver to the Banks:

(a) as soon as practicable, but, in any event not later than 100 days after the end of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower as at the end of such year, consolidated statements of cash flows, and the related consolidated statements of operations, each setting forth in comparative form the figures for the previous fiscal year, all such consolidated financial statements to be in reasonable detail, prepared in accordance with GAAP and, with respect to the consolidated financial statements, certified by Ernst & Young LLP or by other nationally recognized independent auditors selected by the Borrower and reasonably satisfactory to the Administrative Agent (the "Accountants"). In addition, simultaneously therewith, the Borrower shall provide the Banks with a written statement from such Accountants to the effect that they have read a copy of this Agreement, and that, in making the examination necessary to said certification, they have obtained no knowledge of any Default or Event of Default, or, if such Accountants shall have obtained knowledge of any then existing Default or Event of Default they shall disclose in such statement any such Default or Event of Default;

(b) as soon as practicable, but in any event not later than 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, copies of the consolidated balance sheet and statement of operations of the Borrower as at the end of such quarter, subject to year-end adjustments, and the related consolidated statement of cash flows, all in reasonable detail and prepared in accordance with GAAP (to the extent GAAP is applicable to interim unaudited financial statements) with a certification by the principal financial or accounting officer of the Borrower (the "CFO" or the "CAO") that the consolidated financial statements are prepared in accordance with GAAP (to the extent GAAP is applicable to interim unaudited financial statements) and fairly present, in all material respects, the consolidated financial condition of the Borrower as at the close of business on the date thereof and the results of operations for the period then ended, subject to year-end adjustments and the exclusion of detailed footnotes;

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(c) simultaneously with the delivery of the financial statements referred to in (a) and (b) above, a certificate in the form of Exhibit D hereto (the "Compliance Certificate") signed by the CFO or the CAO or the Borrower's corporate treasurer, stating that the Borrower and its Subsidiaries are in compliance with the covenants contained in §§7, 8 and 9 hereof as of the end of the applicable period and setting forth in reasonable detail computations evidencing such compliance with respect to the covenants contained in §9 hereof and that no Default or Event of Default exists, provided that if the Borrower shall at the time of issuance of such Compliance Certificate or at any other time obtain knowledge of any Default or Event of Default, the Borrower shall include in such certificate or otherwise deliver forthwith to the Banks a certificate specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto;

(d) promptly following the filing or mailing thereof, copies of all material of a financial nature filed with the Securities and Exchange Commission or sent to the Borrower's and its Subsidiaries' stockholders generally; and

(e) from time to time such other financial data and other information as any of the Banks may reasonably request through the Administrative Agent.

The Borrower hereby authorizes each Bank to disclose any information obtained pursuant to this Agreement to all appropriate governmental regulatory authorities where required by law; provided, however, this authorization shall not be deemed to be a waiver of any rights to object to the disclosure by the Banks of any such information which the Borrower has or may have under the federal Right to Financial Privacy Act of 1978, as in effect from time to time, except as to matters specifically permitted therein.

**§7.5. Existence and Conduct of Business.** The Borrower will, and will cause each Significant Subsidiary to, do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises; and effect and maintain its foreign qualifications (except where the failure of the Borrower or any Significant Subsidiary to remain so qualified could not reasonably be expected to have a Material Adverse Effect), licensing, domestication or authorization, except as any of the foregoing may be terminated by its Board of Directors in the exercise of its reasonable judgment; provided that such termination could not reasonably be expected to have a Material Adverse Effect. The Borrower will not, and will cause its Subsidiaries not to, become obligated under any contract or binding arrangement which, at the time it was entered into, could reasonably be expected to have a Material Adverse Effect. The Borrower will, and will cause each Subsidiary to, continue to engage primarily in any of the businesses now conducted by the Borrower and its Subsidiaries and in related, complementary or supplemental businesses, and any additional businesses acquired pursuant to the terms of §8.4(a) hereunder.

**§7.6. Maintenance of Properties.** The Borrower will, and will cause its Significant Subsidiaries to, cause all material properties used or useful in the conduct of their businesses to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of

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the Borrower and its Significant Subsidiaries may be necessary so that the businesses carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this section shall prevent the Borrower or any of its Subsidiaries from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of the Borrower or such Subsidiary, desirable in the conduct of its or their business and which could not reasonably be expected to have a Material Adverse Effect.

**§7.7. Insurance.** The Borrower will, and will cause its Subsidiaries to, maintain insurance of the kinds, covering the risks (other than risks arising out of or in any way connected with personal liability of any officers and directors thereof) and in the relative proportionate amounts usually carried by reasonable and prudent companies conducting businesses similar to that of the Borrower and its Subsidiaries, in amounts substantially similar to the existing coverage maintained by the Borrower and its Subsidiaries. Such insurance shall be with financially sound and reputable insurance companies (including captive insurance companies), funds or underwriters, or may be pursuant to self-insurance plans. In addition, the Borrower will furnish from time to time, upon the Administrative Agent's request, a summary of the insurance coverage of the Borrower and its Subsidiaries, which summary shall be in form and substance satisfactory to the Administrative Agent and, if requested by the Administrative Agent, will furnish to the Administrative Agent copies of the applicable policies.

**§7.8. Taxes.** The Borrower will, and will cause its Subsidiaries to, duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges imposed upon it and its real properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid might by law become a Lien upon any of its property; provided, however, that any such tax, assessment, charge, levy or claim need not be paid if the failure to do so (either individually, or in the aggregate for all such failures) could not reasonably be expected to have a Material Adverse Effect and the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower or such Subsidiary shall have set aside on its books adequate reserves with respect thereto as required by GAAP; and provided, further, that the Borrower or such Subsidiary will pay all such taxes, assessments, charges, levies or claims prior to the foreclosure on any Lien which may have attached as security therefor.

**§7.9. Inspection of Properties, Books and Contracts.** The Borrower will, and will cause its Significant Subsidiaries to, permit the Administrative Agent or any Bank or any of their designated representatives, upon reasonable notice, to visit and inspect any of the properties of the Borrower and its Significant Subsidiaries, to examine the books of account of the Borrower and its Significant Subsidiaries, or contracts (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrower and its Significant Subsidiaries with, and to be advised as to the same by, their officers, all at such times and intervals as may be reasonably requested.

**§7.10. Compliance with Laws, Contracts, Licenses and Permits; Maintenance of Material Licenses and Permits.** The Borrower will, and will cause each Subsidiary to, (i) comply with the provisions of its charter documents and by-laws; (ii) comply with all agreements and instruments by which it or any of its properties may be bound except

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where noncompliance could not reasonably be expected to have a Material Adverse Effect; (iii) comply with all applicable laws and regulations (including Environmental Laws), decrees, orders, judgments, licenses and permits, including, without limitation, all environmental permits ("Applicable Requirements"), except where noncompliance with such Applicable Requirements could not reasonably be expected to have a Material Adverse Effect; (iv) maintain all operating permits for all landfills now owned or hereafter acquired, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and (v) dispose of hazardous waste only at licensed disposal facilities operating, to the Borrower's knowledge, in compliance with Environmental Laws, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. If at any time any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any government shall become necessary or required in order that the Borrower or any Significant Subsidiary may fulfill any of its obligations hereunder or under any other Loan Document, the Borrower will immediately take or cause to be taken all reasonable steps within the power of the Borrower or such Significant Subsidiary to obtain such authorization, consent, approval, permit or license and furnish the Banks with evidence thereof.

**§7.11. Environmental Indemnification.** The Borrower covenants and agrees that it will indemnify and hold the Banks, the Issuing Banks and the Administrative Agent and their respective affiliates, and each of the representatives, agents and officers of each of the foregoing, harmless from and against any and all claims, expense, damage, loss or liability incurred by the Banks, the Issuing Banks or the Administrative Agent (including all reasonable costs of legal representation incurred by the Banks, the Issuing Banks or the Administrative Agent) relating to (a) any Release or threatened Release of Hazardous Substances on the Real Property; (b) any violation of any Environmental Laws or Applicable Requirements with respect to conditions at the Real Property or other assets of the Borrower or its Subsidiaries, or the operations conducted thereon; or (c) the investigation or remediation of offsite locations at which the Borrower, any of its Subsidiaries, or their predecessors are alleged to have directly or indirectly Disposed of Hazardous Substances. It is expressly acknowledged by the Borrower that this covenant of indemnification shall survive the payment of the Loans and Reimbursement Obligations and satisfaction of all other Obligations hereunder and shall inure to the benefit of the Banks, the Issuing Banks, the Administrative Agent and their affiliates, successors and assigns.

**§7.12. Further Assurances.** The Borrower and the Guarantor will cooperate with the Administrative Agent and execute such further instruments and documents as the Administrative Agent shall reasonably request to carry out to the Majority Banks' satisfaction the transactions contemplated by this Agreement.

**§7.13. Notice of Potential Claims or Litigation.** The Borrower shall deliver to the Banks written notice of the initiation of any action, claim, complaint, investigation or any other notice of dispute or litigation against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect, or which questions the validity or enforceability of any Loan Document, together with a copy of each such complaint or other notice received by the Borrower or any of its Subsidiaries if requested by the Administrative Agent within 30 days of receipt thereof or of the determination that such action could reasonably

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be expected to have a Material Adverse Effect, whichever occurs later (and the Borrower will make such determination in each case as promptly as practicable).

**§7.14. Notice of Certain Events Concerning Environmental Claims.** The Borrower will promptly, and in any event within ten (10) Business Days of the Borrower's obtaining knowledge thereof, notify the Banks in writing of any of the following events:

(i) the Borrower's or any Significant Subsidiary's obtaining knowledge of any violation of any Environmental Law regarding the Real Property or the Borrower's or any Subsidiary's operations which violation could reasonably be expected to have a Material Adverse Effect;

(ii) the Borrower's or any Significant Subsidiary's obtaining knowledge of any potential or known Release, or threat of Release, of any Hazardous Substance at, from, or into the Real Property which could reasonably be expected to have a Material Adverse Effect;

(iii) the Borrower's or any Significant Subsidiary's receipt of any notice of any material violation of any Environmental Law or of any Release or threatened Release of Hazardous Substances, including a notice or claim of liability or potential responsibility from any third party (including any federal, state, provincial, territorial or local governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) the Borrower's, any Significant Subsidiary's or any Person's operation of the Real Property, (B) contamination on, from, or into the Real Property, or (C) investigation or remediation of offsite locations at which the Borrower, any Significant Subsidiary, or its predecessors are alleged to have directly or indirectly Disposed of Hazardous Substances, if any thereof could reasonably be expected to have a Material Adverse Effect; or

(iv) the Borrower's or any Significant Subsidiary's obtaining knowledge that any expense or loss has been incurred by any governmental authority in connection with the assessment, containment, removal or remediation of any Hazardous Substances with respect to which the Borrower or any Significant Subsidiary has been alleged to be liable by such governmental authority or for which a Lien may be imposed on the Real Property by such governmental authority, if any thereof could reasonably be expected to have a Material Adverse Effect.

**§7.15. Notice of Default.** The Borrower will promptly notify the Banks in writing of the occurrence of any Default or Event of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or any other note, evidence of indebtedness, indenture or other obligation evidencing indebtedness in excess of \$75,000,000 as to which the Borrower or any of its Significant Subsidiaries is a party or obligor, whether as principal or surety, the Borrower shall promptly upon obtaining actual knowledge thereof give written notice thereof to the Banks, describing the notice of action and the nature of the claimed default.

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**§7.16. Use of Proceeds.** The proceeds of the Loans shall be used for general corporate purposes, to provide working capital, to backstop commercial paper, to provide letters of credit and as an extension and continuation of the Indebtedness of the Borrower and its Subsidiaries under the Existing Credit Agreement. After application of the proceeds of any Loan, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) that are subject to any restriction on sale, pledge, or disposal under this Agreement will be represented by "margin stock," as defined in accordance with Regulation U issued by the Board of Governors of the Federal Reserve System, now or hereafter in effect.

**§7.17. Certain Transactions.** Except as disclosed in the Disclosure Documents prior to the Effective Date, and except for arm's length transactions pursuant to which the Borrower or any Subsidiary makes payments in the ordinary course of business, none of the officers, directors, or employees or any other affiliate of the Borrower or any Subsidiary are presently or shall be a party to any transaction with the Borrower or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Borrower or any Subsidiary, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

**§8. NEGATIVE COVENANTS OF THE BORROWER.** The Borrower agrees that, so long as any Obligation or Letter of Credit is outstanding or the Banks have any obligation to make Loans or any Issuing Bank has any obligation to issue, extend or renew any Letter of Credit hereunder, or the Banks have any obligation to reimburse any Issuing Bank for drawings honored under any Letter of Credit, it shall, and shall cause its Subsidiaries to, comply with the following covenants:

**§8.1. Restrictions on Indebtedness.** The Borrower will not permit any of its Subsidiaries (a) to create, incur, assume, or be or remain liable, contingently or otherwise, with respect to any Indebtedness, or (b) to become or be responsible in any manner (whether by agreement to purchase any obligations, stock, assets, goods or services, or to supply or advance any funds, assets, goods or services or otherwise) with respect to any Indebtedness, in each case, of any other Person other than the Borrower or any of its Subsidiaries, other than:

- (i) Indebtedness of the Borrower's Subsidiaries listed in Schedule 8.1(a) and any extension, renewal or refinancing of such Indebtedness, provided that the terms and conditions of any such extensions, renewals or refinancings do not increase the relative priority of the original Indebtedness and provided, further, that such extended, renewed or refinanced Indebtedness does not in the aggregate exceed the Dollar amount of the original Indebtedness; and
  - (ii) Other Indebtedness of the Borrower's Subsidiaries (other than of the Guarantor) provided that the aggregate amount of all such Indebtedness under this §8.1(b), when added (without duplication) to the aggregate outstanding amount of secured Indebtedness of the Borrower and its Subsidiaries under subsections (k), (l) and (m) of the definition of
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“Permitted Liens” and Indebtedness with respect to Permitted Receivables Transactions, shall not exceed 15% of Consolidated Tangible Assets at any time.

**§8.2. Restrictions on Liens.** The Borrower will not, and will cause its Subsidiaries not to, create or incur or suffer to be created or incurred or to exist any Lien of any kind upon any property or assets of any character, whether now owned or hereafter acquired, or upon the income or profits therefrom; or transfer any of such property or assets or the income or profits therefrom for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to payment of its general creditors; or acquire, or agree or have an option to acquire, any property or assets upon conditional sale or other title retention or purchase money security agreement, device or arrangement; or suffer to exist for a period of more than 30 days after the same shall have been incurred any Indebtedness or claim or demand against it which if unpaid might by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; or sell, assign, pledge or otherwise transfer any accounts, contract rights, general intangibles or chattel paper, with or without recourse, except for Permitted Liens.

The Borrower and the Guarantor covenant and agree that if either of them or any of their Subsidiaries shall create or incur any Lien upon any of their respective properties or assets, whether now owned or hereafter acquired, other than Permitted Liens (unless prior written consent shall have been obtained from the Banks), the Borrower and the Guarantor will make or cause to be made effective provision whereby the Obligations and the Guaranteed Obligations will be secured by such Lien equally and ratably with any and all other Indebtedness thereby secured so long as such other Indebtedness shall be so secured; provided that the covenants of the Borrower and the Guarantor contained in this sentence shall only be in effect for so long as the Borrower or the Guarantor shall be similarly obligated under any other Indebtedness; provided, further, that an Event of Default shall occur for so long as such other Indebtedness becomes secured notwithstanding any actions taken by the Borrower or the Guarantor to ratably secure the Obligations and the Guaranteed Obligations hereunder.

**§8.3. Restrictions on Investments.** Except to the extent provided in §8.4, neither the Borrower nor any Subsidiary may make or permit to exist or to remain outstanding any Investment, other than Investments in Cash Equivalents unless both before and after giving effect thereto (i) the Borrower and its Subsidiaries are in compliance with the covenants set forth in §§7, 8 and 9 hereof and (ii) there does not exist a Default or Event of Default and no Default or Event of Default would be created by the making of such Investment; provided that the aggregate amount of all Investments (excluding Investments in Cash Equivalents), does not exceed 15% of Consolidated Tangible Assets; and provided further that the ability of the Subsidiaries of the Borrower to incur any Indebtedness in connection with any Investment permitted by this §8.3 shall be governed by §8.1.

**§8.4. Mergers, Consolidations, Sales.**

(a) Neither the Borrower nor any Subsidiary shall be a party to any merger, consolidation or exchange of stock unless the Borrower shall be the surviving entity with respect to any such transaction to which the Borrower is a party and the Guarantor shall be the survivor of any merger with any other Subsidiary or a Subsidiary shall be the

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surviving entity (and continue to be a Subsidiary) with respect to any such transactions to which one or more Subsidiaries is a party (and the conditions set forth below are satisfied), or purchase or otherwise acquire all or substantially all of the assets or stock of any class of, or any partnership, membership or joint venture or other interest in, any other Person except as otherwise provided in §8.3 or this §8.4. Notwithstanding the foregoing, the Borrower and its Subsidiaries may purchase or otherwise acquire all or substantially all of the assets or stock of any class of, or joint venture or other interest in, any Person if the following conditions have been met: (i) the proposed transaction will not otherwise create a Default or an Event of Default hereunder; and (ii) the business to be acquired predominantly involves (A) the collection, transfer, hauling, disposal or recycling of solid waste or thermal soil remediation, or (B) other lines of businesses currently engaged in, or related, associated, complementary or supplementary thereto, whether from an operational, business, financial, technical or administrative standpoint; provided that the Borrower or its Subsidiaries may purchase or otherwise acquire all or substantially all of the assets or stock of any class of, or any partnership, membership or joint venture or other interest in, any Persons in unrelated businesses, not to exceed a total aggregate amount of \$400,000,000 during the term of this Agreement. Notwithstanding anything herein to the contrary, the ability of the Subsidiaries of the Borrower to incur any Indebtedness in connection with any transaction permitted pursuant to this §8.4 shall be governed by §8.1.

(b) Neither the Borrower nor any Subsidiary shall sell, transfer, convey or lease any assets or group of assets, including the sale or transfer of any property owned by the Borrower or any Subsidiary in order then or thereafter to lease such property or lease other property which the Borrower or such Subsidiary intends to use for substantially the same purpose as the property being sold or transferred, or sell or assign, with or without recourse, any receivables, except (i) transfers of real or personal property among Subsidiaries of the Borrower, (ii) so long as no Default or Event of Default has occurred and is continuing, or would result therefrom, sales of assets or pursuant to a sale-leaseback transaction; provided that any net cash proceeds from any such sale or sale-leaseback shall, within 180 days, either be used to pay down outstanding Loans under this Agreement or be reinvested by such Person in assets of the business of the Borrower and its Subsidiaries, used for working capital, invested in Investments in accordance with the provisions of §8.3 or used for other general corporate purposes, (iii) sales of accounts receivable (and contract rights, general intangibles or chattel paper related thereto) more than sixty (60) days past due sold or assigned in the ordinary course of collecting past due accounts, or (iv) pursuant to a Permitted Receivables Transaction.

**§8.5. Restricted Distributions and Redemptions.** Neither the Borrower nor any of its Subsidiaries will (a) declare or pay any Distributions, or (b) redeem, convert, retire or otherwise acquire shares of any class of its capital stock (other than in connection with a merger permitted by §8.4 hereof or conversion into another form of equity of any preferred shares of the Borrower existing as of the Effective Date pursuant to the terms thereof), unless at the time of such Distribution or redemption no Default or Event of Default exists or would be created hereunder. Notwithstanding the above, any Subsidiary may make Distributions to the Borrower

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

**§8.6. Employee Benefit Plans.** None of the Borrower, any of its Subsidiaries, or any ERISA Affiliate will:

- (a) engage in any "prohibited transaction" within the meaning of §406 of ERISA or §4975 of the Code which could result in a material liability for the Borrower on a consolidated basis; or
- (b) permit any Guaranteed Pension Plan to be in "at risk" status or subject to the notice and lien provisions described in §303 of ERISA, whether or not a minimum funding waiver has been granted; or
- (c) fail to contribute to any Guaranteed Pension Plan to an extent which, or terminate any Guaranteed Pension Plan in a manner which, could result in the imposition of a lien or encumbrance on the assets of the Borrower or the Guarantor pursuant to §303 or §4068 of ERISA; or
- (d) permit or take any action which would result in the aggregate benefit liabilities (within the meaning of §4001 of ERISA), other than with respect to the Terminated Plans, of all Guaranteed Pension Plans exceeding the value of the aggregate assets of such Guaranteed Pension Plans, disregarding for this purpose the benefit liabilities and assets of any such Guaranteed Pension Plan with assets in excess of benefit liabilities.

The Borrower and its Subsidiaries will (i) promptly upon the request of any Bank or the Administrative Agent, furnish to the Banks a copy of the most recent actuarial statement required to be submitted under §103(d) of ERISA and Annual Report, Form 5500, with all required attachments, in respect of each Guaranteed Pension Plan, and (ii) promptly upon receipt or dispatch, furnish to the Banks any notice, report or demand sent or received in respect of a Guaranteed Pension Plan under §§302, 303, 4041, 4042, 4043, 4063, 4065, 4066 and 4068 of ERISA, or in respect of a Multiemployer Plan, under §§4041A, 4202, 4219, 4242 or 4245 of ERISA.

**§9. FINANCIAL COVENANTS OF THE BORROWER.** The Borrower agrees that, so long as any Obligation or Letter of Credit is outstanding or the Banks have any obligation to make Loans or any Issuing Bank has any obligation to issue, extend or renew any Letter of Credit hereunder, or the Banks have any obligation to reimburse any Issuing Bank for drawings honored under any Letter of Credit, it shall comply with the following covenants:

**§9.1. Interest Coverage Ratio.** As of the end of any fiscal quarter of the Borrower, the Borrower will not permit the ratio of (a) EBIT for the four fiscal quarters then ending to (b) Consolidated Total Interest Expense for such period to be less than 2.75:1.00.

**§9.2. Total Debt to EBITDA.** As of the end of any fiscal quarter of the Borrower, the Borrower will not permit the ratio of (a) Total Debt to (b) EBITDA for the four fiscal quarters then ending to exceed 3.50:1.00.

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**§10. CONDITIONS PRECEDENT.**

**§10.1. Conditions To Effectiveness.** The effectiveness of this Agreement as an amendment and restatement of the Existing Credit Agreement shall be subject to the satisfaction of each of the following conditions precedent on or before May 31, 2011:

**§10.1.1 Corporate Action.** All corporate action necessary for the valid execution, delivery and performance by the Borrower and the Guarantor of the Loan Documents shall have been duly and effectively taken, and evidence thereof certified by authorized officers of the Borrower and the Guarantor and satisfactory to the Administrative Agent shall have been provided to the Banks.

**§10.1.2 Loan Documents, Etc.** Each of the Loan Documents and other documents listed on the closing agenda shall have been duly and properly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect in a form satisfactory to the Majority Banks.

**§10.1.3 Certified Copies of Charter Documents.** The Banks shall have received from each of the Borrower and the Guarantor, certified by a duly authorized officer of such Person to be true and complete on the Effective Date, (a) its charter or other incorporation documents, (b) its by-laws and (c) good standing certificates and such foreign qualifications as may be requested by the Administrative Agent.

**§10.1.4 Incumbency Certificate.** The Banks shall have received an incumbency certificate, dated as of the Effective Date, signed by duly authorized officers of the Borrower and the Guarantor giving the name and bearing a specimen signature of each individual who shall be authorized: (a) to sign the Loan Documents on behalf of the Borrower and the Guarantor; (b) to make Syndicated Loan Requests and Letter of Credit Requests; (c) to make Competitive Bid Quote Requests; and (d) to give notices and to take other action on the Borrower's or the Guarantor's behalf under the Loan Documents.

**§10.1.5 Summary of Insurance.** The Administrative Agent shall have received a summary of the insurance coverage of the Borrower and its Subsidiaries of the type described in §7.7.

**§10.1.6 Opinion of Counsel.** The Banks shall have received a favorable legal opinion from the Vice President and Assistant General Counsel of the Borrower and the Guarantor addressed to the Banks, dated the Effective Date, in form and substance satisfactory to the Administrative Agent, and a favorable legal opinion of McGuireWoods LLP, special New York counsel to the Administrative Agent, dated the Effective Date, as to the validity and binding effect of this Agreement.

**§10.1.7 Satisfactory Financial Condition.** Other than as disclosed in the Disclosure Documents, no material adverse change shall have occurred in the financial condition, results of operations, business, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, since the Balance Sheet Date.

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**§10.1.8 Payment of Closing Fees.** The Borrower shall have paid the agreed-upon closing fees to the Administrative Agent and Lenders.

**§10.1.9 Closing Certificate.** The Borrower shall have delivered to the Administrative Agent a certificate, dated as of the Effective Date, stating that, as of such date (a) the representations and warranties set forth herein and in the other Loan Documents are true and correct, and (b) no Default or Event of Default has occurred and is continuing.

**§10.1.10 USA Patriot Act.** The Borrower shall have delivered all documentation and other information that the Administrative Agent or any Bank requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

Without limiting the generality of the provisions of the last paragraph of §15.2, for purposes of determining compliance with the conditions specified in this §10, each Bank that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received notice from such Bank prior to the proposed Effective Date specifying its objection thereto.

**§11. CONDITIONS TO ALL LOANS.** The obligations of the Banks to make or continue for an additional Interest Period in accordance with §2.7 any Loan and the obligation of any Issuing Bank to issue, extend, or renew any Letter of Credit at the time of and subsequent to the Effective Date is subject to the following conditions precedent:

**§11.1. Representations True.** The Borrower shall have certified to the Administrative Agent and the Banks that each of the representations and warranties of the Borrower and the Guarantor (as applicable) contained in this Agreement or in any document or instrument delivered pursuant to or in connection with this Agreement, other than the representation and warranty in §6.5 hereof, is true as of the date as of which they were made and shall also be true at and as of the time of the making of such Loan or the issuance, extension, or renewal of any Letter of Credit, as applicable, with the same effect as if made at and as of that time (except to the extent of changes resulting from transactions contemplated or permitted by this Agreement and changes occurring in the ordinary course of business which either individually or in the aggregate do not result in a Material Adverse Effect, and to the extent that such representations and warranties relate expressly and solely to an earlier date).

**§11.2. Performance; No Event of Default.** The Borrower shall have performed and complied with all terms and conditions herein required to be performed or complied with by it prior to or at the time of the making of any Loan or the issuance, extension or renewal of any Letter of Credit, and at the time of the making of any Loan or the issuance, renewal or extension of any Letter of Credit there shall exist no Default or Event of Default or condition which would result in a Default or an Event of Default upon consummation of such Loan or issuance, extension, or renewal of any Letter of Credit, as applicable. Each request for a Loan or for issuance, extension or renewal of a Letter of Credit shall constitute certification by the Borrower that the condition specified in this §11.2 will be duly satisfied on the date of such Loan or Letter of Credit issuance, extension or renewal.

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**§11.3. Proceedings and Documents.** All proceedings in connection with the transactions contemplated by this Agreement shall have been taken and all documents incident thereto shall have been delivered to the Banks as of the date of the making of any extension of credit in substance and in form satisfactory to the Banks, including without limitation a Syndicated Loan Request or a Letter of Credit Request and the Banks shall have received all information and such counterpart originals or certified or other copies of such documents as the Banks may reasonably request.

**§12. EVENTS OF DEFAULT; ACCELERATION; TERMINATION OF COMMITMENT.**

**§12.1. Events of Default and Acceleration.** If any of the following events ("Events of Default" or, if the giving of notice or the lapse of time or both is required, then, prior to such notice and/or lapse of time, "Defaults") shall occur:

- (a) if the Borrower shall fail to pay any principal of the Loans when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment;
  - (b) if the Borrower shall fail to pay any interest or fees or other amounts owing hereunder (other than those specified in subsection (a) above) within five (5) Business Days after the same shall become due and payable whether at the Maturity Date or any accelerated date of maturity or at any other date fixed for payment;
  - (c) if the Borrower shall fail to comply with any of the covenants contained in §§7.4, 7.5, 7.15, 7.16, 8 and 9 hereof;
  - (d) if the Borrower shall fail to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified in subsections (a), (b), and (c) above) and such failure shall not be remedied within 30 days after written notice of such failure shall have been given to the Borrower by the Administrative Agent or any of the Banks;
  - (e) if any representation or warranty contained in this Agreement or in any document or instrument delivered pursuant to or in connection with this Agreement shall prove to have been false in any material respect upon the date when made or repeated;
  - (f) if the Borrower or any of its Subsidiaries shall fail to pay when due, or within any applicable period of grace, any Indebtedness or obligations under Swap Contracts in an aggregate amount greater than \$75,000,000, or fail to observe or perform any material term, covenant or agreement contained in any one or more agreements by which it is bound, evidencing or securing any Indebtedness or obligations under Swap Contracts in an aggregate amount greater than \$75,000,000 for such period of time as would permit, or would have permitted (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof or terminate its commitment with respect thereto;
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(g) if the Borrower, the Guarantor or any Significant Subsidiary makes an assignment for the benefit of creditors, or admits in writing its inability to pay or generally fails to pay its debts as they mature or become due, or petitions or applies for the appointment of a trustee or other custodian, liquidator or receiver of the Borrower, the Guarantor or any Significant Subsidiary, or of any substantial part of the assets of the Borrower, the Guarantor or any Significant Subsidiary or commences any case or other proceeding relating to the Borrower, the Guarantor or any Significant Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect, or takes any action to authorize or in furtherance of any of the foregoing, or if any such petition or application is filed or any such case or other proceeding is commenced against the Borrower, the Guarantor or any Significant Subsidiary or the Borrower, the Guarantor or any Significant Subsidiary indicates its approval thereof, consent thereto or acquiescence therein;

(h) if a decree or order is entered appointing any such trustee, custodian, liquidator or receiver or adjudicating the Borrower or the Guarantor or any Significant Subsidiary bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of the Borrower or the Guarantor or any Significant Subsidiary in an involuntary case under federal bankruptcy laws of any jurisdiction as now or hereafter constituted;

(i) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty days, whether or not consecutive, any final judgment against the Borrower or any Subsidiary which, with other outstanding final judgments against the Borrower and its Subsidiaries, exceeds in the aggregate \$50,000,000 after taking into account any undisputed insurance coverage;

(j) if, with respect to any Guaranteed Pension Plan, an ERISA Reportable Event shall have occurred and the Banks shall have determined in their reasonable discretion that such event reasonably could be expected to result in liability of the Borrower or any Subsidiary to the PBGC or such Plan in an aggregate amount exceeding \$50,000,000 and such event in the circumstances occurring reasonably could constitute grounds for the partial or complete termination of such Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan; or a trustee shall have been appointed by the appropriate United States District Court to administer such Plan; or the PBGC shall have instituted proceedings to terminate such Plan;

(k) if any of the Loan Documents shall be cancelled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Banks, or any action at law, suit or in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of the Borrower, the Guarantor, or any of their respective stockholders, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment,

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order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or

(l) if any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 25% or more of the outstanding shares of common voting stock of the Borrower; or during any period of twelve consecutive calendar months, individuals who were directors of the Borrower on the first day of such period (together with any new directors whose election by such board or whose nomination for election by the shareholders of the Borrower was approved by a vote of a majority of the directors still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) shall cease to constitute a majority of the board of directors of the Borrower;

then, and in any such event, so long as the same may be continuing, the Administrative Agent may, and upon the request of the Majority Banks shall, by notice in writing to the Borrower, declare all amounts owing with respect to this Agreement and the other Loan Documents and all Reimbursement Obligations to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest, notice of intent to accelerate, notice of acceleration to the extent permitted by law or other notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of any Event of Default specified in §12.1(g) or 12.1(h) with respect to the Borrower or the Guarantor, all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Administrative Agent or any Bank. Upon demand by the Majority Banks after the occurrence of any Event of Default, the Borrower shall immediately provide to the Administrative Agent cash in an amount equal to the aggregate Maximum Drawing Amount to be held by the Administrative Agent as collateral security for the Reimbursement Obligations.

**§12.2. Termination of Commitments.** If any Event of Default pursuant to §§ 12.1(g) or 12.1(h) hereof shall occur with respect to the Borrower or the Guarantor, any unused portion of the Total Commitment hereunder shall forthwith terminate and the Banks and the Issuing Banks shall be relieved of all obligations to make Loans or to issue, extend or renew Letters of Credit hereunder; or if any other Event of Default shall occur, the Majority Banks may by notice to the Borrower terminate the unused portion of the Total Commitment hereunder, and, upon such notice being given, such unused portion of the Total Commitment hereunder shall terminate immediately and the Banks and the Issuing Banks shall be relieved of all further obligations to make Loans or to issue, extend or renew Letters of Credit hereunder. No termination of any portion of the Total Commitment hereunder shall relieve the Borrower of any of its existing Obligations to the Banks, the Issuing Banks or the Administrative Agent hereunder or elsewhere.

**§12.3. Remedies.** In case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Banks shall have accelerated the maturity of the Loans and other Obligations pursuant to §12.1, each Bank, upon notice to the other Banks, if owed any amount with respect to the Loans or the Reimbursement Obligations, may proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding.

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whether for the specific performance of any covenant or agreement contained in this Agreement and the other Loan Documents or any instrument pursuant to which the Obligations to such Bank are evidenced, including, without limitation, as permitted by applicable law the obtaining of the ex parte appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any legal or equitable right of such Bank, any recovery being subject to the terms of §29 hereof. No remedy herein conferred upon any Bank or the Administrative Agent or the holder of any Note is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of law.

**§13. SETOFF.** During the continuance of an Event of Default, any deposits or other sums credited by or due from any Bank to the Borrower and any securities or other property of the Borrower in the possession of such Bank may be applied to or set off against the payment of the Obligations and any and all other liabilities, direct, or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Borrower to the Banks or the Administrative Agent. Any amounts set off with respect to the Obligations shall, except to the extent §5.14 applies, be distributed ratably in accordance with §29 among all of the Banks by the Bank setting off such amounts. If any Bank fails to share such setoff ratably, the Administrative Agent shall have the right to withhold such Bank's share of the Borrower's payments until each of the Banks shall have, in the aggregate, received a pro rata repayment.

**§14. EXPENSES.** Whether or not the transactions contemplated herein shall be consummated, the Borrower hereby promises to reimburse the Administrative Agent and the Lead Arrangers for all reasonable out-of-pocket fees and disbursements (including all reasonable attorneys' fees) incurred or expended in connection with the syndication, preparation, filing or recording, or interpretation of this Agreement, the other Loan Documents, or any amendment, modification, approval, consent or waiver hereof or thereof. The Borrower further promises to reimburse the Administrative Agent and the Banks for all reasonable out-of-pocket fees and disbursements (including all reasonable legal fees and the allocable cost of in-house attorneys' fees) incurred or expended in connection with the enforcement of any Obligations or the satisfaction of any indebtedness of the Borrower hereunder or under any other Loan Document, or in connection with any litigation, proceeding or dispute hereunder in any way related to the credit hereunder. The Borrower also promises to pay the Administrative Agent all reasonable out-of-pocket fees and disbursements, incurred or expended in connection with the Competitive Bid Loan procedure under §4 hereof.

**§15. THE AGENTS.**

**§15.1. Authorization and Action.** Each Bank hereby irrevocably appoints Bank of America as Administrative Agent hereunder and authorizes Bank of America to take such action as Administrative Agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement and the other Loan Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the

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instructions of the Majority Banks (or, when expressly required hereby, all of the Banks), and such instructions shall be binding upon all Banks; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or the other Loan Documents or applicable law.

**§15.2. Administrative Agent's Reliance, Etc.** Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to any of the Banks for any action taken or omitted to be taken by it or them under or in connection with this Agreement or the other Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable to the Banks for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing; (iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its affiliates in any capacity; (iv) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or the other Loan Documents; (v) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of the Borrower or the Guarantor (or as to the contents of any certificate, report or other document delivered hereunder or thereunder) or to inspect the property (including the books and records) of the Borrower or the Guarantor or any of their Subsidiaries, and shall not be deemed to have knowledge or notice of any Default or Event of Default unless and until it shall have received, at its office specified in §22, a notice describing the same and entitled "Notice of Default"; (vi) shall not be responsible to any Bank for the due execution (other than its own), legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any related agreement, instrument or document furnished pursuant hereto; and (vii) shall incur no liability to the Banks under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) reasonably believed by it to be genuine and signed or sent by the proper party or parties. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Bank or an Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Bank or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Bank or Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit.

**§15.3. Bank of America and Affiliates.** With respect to its Commitment, Bank of America shall have the same rights and powers under this Agreement and under the other Loan Documents as any other Bank and may exercise the same as though it were not the Administrative Agent, and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include Bank of America in its individual capacity. Bank of America and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally

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engage in any kind of business with, the Borrower, the Guarantor, any of their Subsidiaries and any Person who may do business with or own securities of the Borrower, the Guarantor, or any such Subsidiary, all as if Bank of America were not the Administrative Agent and without any duty to account therefor to the Banks. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. To the extent any such rights or powers are delegated to a sub-agent, the Administrative Agent shall remain responsible for such sub-agent's performance or exercise of such duties, rights and powers; provided, that the exculpatory provisions of this Agreement (including the provisions in §15) shall apply to any such sub-agent.

**§15.4. Bank Credit Decision.** Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank and based on the financial statements referred to in §6.4 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

**§15.5. Indemnification.** The Banks agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to the respective amounts of their Commitments as most recently in effect at the time such indemnity is sought, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits and reasonable costs, expenses and disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or the other Loan Documents or any action taken or omitted by the Administrative Agent under this Agreement or the other Loan Documents, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct or from a material breach by the Administrative Agent of its obligations under this Agreement or under any other Loan Document, as determined by a court of competent jurisdiction. Without limiting the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share as aforesaid of any reasonable out of pocket expenses (including reasonable counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and the other Loan Documents, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

**§15.6. Successor Administrative Agent.** The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Borrower and may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor Administrative Agent that, unless a Default or Event of Default shall have occurred and then be continuing, is reasonably acceptable to the Borrower. If no successor Administrative Agent shall have been so

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appointed by the Majority Banks, and shall have accepted such appointment, within 45 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be a commercial bank, financial institution, trust company or similar entity regularly engaged in the business of administering syndicated loans and which successor Administrative Agent shall be organized under the laws of the United States of America or of any State thereof and have total assets of at least \$1,000,000,000; provided that if the Administrative Agent shall notify the Borrower and the Banks that no such qualifying Person has accepted such appointment, then (x) such resignation shall nonetheless become effective in accordance with such notice and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents, and (y) the Borrower may appoint a successor Administrative Agent to act until replaced by a successor Administrative Agent that is appointed by the Majority Banks (which successor Administrative Agent appointed by the Borrower shall be a commercial bank, financial institution, trust company or similar entity regularly engaged in the business of administering syndicated loans that is organized under the laws of the United States of America or of any State thereof and have total assets of at least \$1,000,000,000). Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this §15 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

**§15.7. Lead Arrangers, Etc.** The parties identified on the cover hereof as Lead Arrangers and Joint Bookrunners, Documentation Agents and Co- Documentation Agents shall have no obligations or liabilities under this Agreement and the other Loan Documents.

**§15.8. Documents.** The Administrative Agent will forward to each Bank, promptly after receipt thereof, a copy of each notice or other document furnished to the Administrative Agent for such Bank hereunder; provided, however, that, notwithstanding the foregoing, the Administrative Agent may furnish to the Banks a monthly summary with respect to Letters of Credit issued hereunder in lieu of copies of the related Letter of Credit Applications.

**§15.9. Action by the Banks, Consents, Amendments, Waivers, Etc.** (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Bank in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Banks hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower or the Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for

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which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, any Bank or the Issuing Bank may have had notice or knowledge of such Default or Event of Default at the time.

(b) Except as otherwise provided in §3.1(a) hereof with respect to Schedule 3.1, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Majority Banks or by the Borrower and the Administrative Agent with the consent of the Majority Banks; provided that no such agreement shall (i) increase the Commitment of any Bank without the written consent of such Bank, (ii) reduce the principal amount of any Loan or Reimbursement Obligations, or reduce the rate of interest on the Loans or reduce any fees payable hereunder, without the written consent of each Bank affected thereby; (iii) postpone the date of any payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Bank affected thereby; (iv) release the Borrower from its Obligations or the Guarantor from its Guaranteed Obligations hereunder without the written consent of each Bank; (v) modify §29(a); or (vi) change any of the provisions of this §15.9 or any provision of this Agreement requiring action by all the Banks, or the percentage of Banks constituting "Majority Banks", without the written consent of each Bank; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any Issuing Bank hereunder without the prior written consent of the Administrative Agent or the Issuing Banks, as the case may be. Notwithstanding anything to the contrary herein, no Defaulting Bank shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Banks or each affected Bank may be effected with the consent of the applicable Banks other than Defaulting Banks), except that (x) the Commitment of any Defaulting Bank may not be increased or extended without the consent of such Bank and (y) any waiver, amendment or modification requiring the consent of all Banks or each affected Bank that by its terms affects any Defaulting Bank more adversely than other affected Banks shall require the consent of such Defaulting Bank.

**§16. INDEMNIFICATION.** The Borrower agrees to indemnify and hold harmless the Banks, the Issuing Banks, the Lead Arrangers and the Administrative Agent and their affiliates, as well as their and their affiliates' shareholders, directors, agents, officers, subsidiaries and affiliates, from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, and reasonable costs and expenses incurred, suffered, sustained or required to be paid by an indemnified party by reason of or resulting from the transactions contemplated hereby, except any of the foregoing which result from the gross negligence or willful misconduct of such indemnified party or a material breach of the obligations of such indemnified party under this Agreement or under any other Loan Document, as determined by a court of competent jurisdiction. In any investigation, enforcement matter, proceeding or litigation, or the preparation therefor, the Banks, the Issuing

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Banks, the Lead Arrangers and the Administrative Agent shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the Borrower agrees to pay promptly the reasonable fees and expenses of such counsel (including the non-duplicative allocated cost of internal counsel), and settlement costs. In the event of the commencement of any such proceeding or litigation against the Banks or Administrative Agent by third parties, the Borrower shall be entitled to participate in such proceeding or litigation with counsel of their choice at their expense. In the case of an investigation, litigation or proceeding to which the indemnity in this §16 applies, such indemnity shall be effective, subject to the limitations herein, whether or not such investigation, litigation or proceeding is brought by the Borrower, the Borrower's equityholders, affiliates or creditors or such an indemnified party, whether or not such indemnified party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The covenants of this §16 shall survive payment or satisfaction of payment of amounts owing with respect to any Note or the Loans and satisfaction of all the Obligations hereunder and under the Loan Documents, IT BEING THE INTENT OF THE PARTIES HERETO THAT ALL SUCH INDEMNIFIED PARTIES SHALL BE INDEMNIFIED FOR THEIR ORDINARY SOLE, COMPARATIVE OR CONTRIBUTORY NEGLIGENCE. WITHOUT LIMITATION OF THE FOREGOING, NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY IN RESPECT OF ANY INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES ASSERTED BY SUCH OTHER PARTY WITH RESPECT TO THE MATTERS CONTEMPLATED BY THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY USE MADE OR TO BE MADE WITH THE PROCEEDS OF ANY CREDIT EXTENSION HEREUNDER OR THEREUNDER.

**§17. WITHHOLDING TAXES.** The Borrower hereby agrees that:

(a) Any and all payments made by the Borrower hereunder shall be made free and clear of, and without deduction for, any and all present or future taxes, levies, fees, duties, imposts, deductions, charges or withholdings of any nature whatsoever, excluding, in the case of each of the Administrative Agent and each of the Banks (including, without limitation, the Issuing Banks), (i) taxes imposed on, or measured by, its net income or profits, (ii) franchise taxes imposed on it, (iii) taxes imposed by any jurisdiction as a direct consequence of it, or any of its affiliates, having a present or former connection with such jurisdiction, including, without limitation, being organized, existing or qualified to do business, doing business or maintaining a permanent establishment or office in such jurisdiction, and (iv) taxes imposed by reason of its failure to comply with any applicable certification, identification, information, documentation or other reporting requirement (all such non-excluded taxes being hereinafter referred to as "Indemnifiable Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Indemnifiable Taxes pursuant to any applicable law, or governmental rule or regulation, then the Borrower will (i) direct to the relevant taxing authority the full amount required to be so withheld or deducted, (ii) forward to the Administrative Agent for delivery to the applicable Bank an official receipt or other documentation satisfactory to the Administrative Agent and the applicable Bank evidencing such payment to such taxing authority, and (iii) direct to the Administrative Agent for the account of the relevant Banks such additional amount or amounts as is necessary to ensure that the net amount actually received by each relevant Bank will equal the full amount such Bank

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would have received had no such withholding or deduction (including any Indemnifiable Taxes on such additional amounts) been required. Moreover, if any Indemnifiable Taxes are directly asserted against the Administrative Agent or any Bank with respect to any payment received by the Administrative Agent or such Bank by reason of the Borrower's failure to properly deduct and withhold such Indemnifiable Taxes from such payment, the Administrative Agent or such Bank may pay such Indemnifiable Taxes and the Borrower will promptly pay all such additional amounts (including any penalties, interest or reasonable expenses) as is necessary in order that the net amount received by such Person after the payment of such Indemnifiable Taxes (including any Indemnifiable Taxes on such additional amount) shall equal the amount such Person would have received had not such Indemnifiable Taxes been asserted; provided that the Administrative Agent or such Bank, as the case may be, agrees to use commercially reasonable efforts, at the expense of the Borrower, to contest or otherwise challenge such Indemnifiable Taxes if the Administrative Agent or such Bank, as applicable, determines in good faith that a reasonable basis exists to do so. Any such payment shall be made promptly after the receipt by the Borrower from the Administrative Agent or such Bank, as the case may be, of a written statement setting forth in reasonable detail the amount of the Indemnifiable Taxes and the basis of the claim.

(b) The Borrower shall pay any present or future stamp or documentary taxes or any other excise or any other similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrower hereby indemnifies and holds harmless the Administrative Agent and each Bank for the full amount of Indemnifiable Taxes or Other Taxes (including, without limitation, any Indemnifiable Taxes or Other Taxes imposed on amounts payable under this §17) paid by the Administrative Agent or such Bank, as the case may be, and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, by reason of the Borrower's failure to properly deduct and withhold Indemnifiable Taxes pursuant to paragraph (a) above or to properly pay Other Taxes pursuant to paragraph (b) above. Any indemnification payment from the Borrower under the preceding sentence shall be made promptly after receipt by the Borrower from the Administrative Agent or Bank of a written statement setting forth in reasonable detail the amount of such Indemnifiable Taxes or such Other Taxes, as the case may be, and the basis of the claim.

(d) If the Borrower pays any amount under this §17 to the Administrative Agent or any Bank and such payee knowingly receives a refund or tax credit in respect of any taxes with respect to which such amount was paid, the Administrative Agent or such Bank, as the case may be, shall remit to the Borrower, promptly following the receipt thereof by such payee, an amount equal to the amount determined by such payee to be equal to the amount of any net reduction in taxes actually obtained by such payee and determined by it to be allocable to such refund or credit; provided, that the decision as to whether or not to claim any such refund or credit, and as to the amount and allocation of any such refund or credit so claimed, shall be made by each such payee in its sole and absolute discretion; and provided, further, that nothing herein shall be

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deemed to obligate any Bank or the Administrative Agent to disclose to the Borrower or the Guarantor its tax returns or any information regarding its tax affairs.

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

(f) The Administrative Agent or the Banks shall, upon the request of the Borrower, take reasonable measures to avoid or mitigate the amount of Indemnifiable Taxes required to be deducted or withheld from any payment made hereunder if such measures can be taken without such Person in its sole judgment suffering any legal, regulatory or economic disadvantage.

(g) Without prejudice to the survival of any other agreement of the parties hereunder, the agreements and obligations of the Borrower contained in this §17 shall survive the payment in full of the Obligations.

**§18. TREATMENT OF CERTAIN CONFIDENTIAL INFORMATION.**

**§18.1. Confidentiality.** Each of the Banks and the Administrative Agent agrees, on behalf of itself and each of its affiliates, directors, officers, employees and representatives, to use reasonable precautions to keep confidential, in accordance with their customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices, any non-public information supplied to it by the Borrower or any of its Subsidiaries pursuant to this Agreement that is identified by such Person as being confidential at the time the same is delivered to the Banks or the Administrative Agent, provided that nothing herein shall limit the disclosure of any such information (a) after such information shall have become public other than through a violation of this §18, or becomes available to any of the Banks or the Administrative Agent on a nonconfidential basis from a source other than the Borrower, (b) to the extent required by statute, rule, regulation or judicial process, (c) to counsel for any of the Banks or the Administrative Agent, (d) to bank examiners or any other regulatory authority having jurisdiction over any Bank or any of its affiliates or the Administrative Agent or any self-regulatory body in which any of such Persons participates, or to auditors or accountants, (e) to the Administrative Agent, any Bank or any Financial Affiliate, (f) in connection with any litigation to which any one or more of the Banks, the Administrative Agent or any Financial Affiliate is a party, or in connection with the enforcement of rights or remedies hereunder or under any other Loan Document, (g) to an Affiliate of any Bank or the Administrative Agent, (h) to any actual or prospective assignee or participant or any actual or prospective counterparty (or its advisors) to any swap or derivative transactions referenced to credit or other risks or events arising under this Agreement or any other Loan Document or to any credit insurance provider relating to the Borrower and its Obligations so long as such assignee, participant, counterparty or credit insurance provider, as the case may be, agrees to be bound by the provisions of §18.1, or (i) with the consent of the Borrower.

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**§18.2. Prior Notification.** Unless specifically prohibited by applicable law or court order, each of the Banks and the Administrative Agent shall, prior to disclosure thereof, notify the Borrower of any request for disclosure of any such non-public information by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Bank by such governmental agency) or pursuant to legal process.

**§18.3. Other.** In no event shall any Bank or the Administrative Agent be obligated or required to return any materials furnished to it or any Financial Affiliate by the Borrower or any of its Subsidiaries. The obligations of each Bank under this §18 shall supersede and replace the obligations of such Bank under any confidentiality letter in respect of this financing signed and delivered by such Bank to the Borrower prior to the date hereof and shall be binding upon any assignee of, or purchaser of any participation in, any interest in any of the Loans or Reimbursement Obligations from any Bank.

**§19. SURVIVAL OF COVENANTS, ETC.** Unless otherwise stated herein, all covenants, agreements, representations and warranties made herein, in the other Loan Documents or in any documents or other papers delivered by or on behalf of the Borrower or the Guarantor pursuant hereto shall be deemed to have been relied upon by the Banks, the Issuing Banks and the Administrative Agent, notwithstanding any investigation heretofore or hereafter made by them, and shall survive the making by the Banks of the Loans and the issuance, extension or renewal of any Letters of Credit by any Issuing Bank, as herein contemplated, and shall continue in full force and effect so long as any amount due under this Agreement, any Obligation, or any Letter of Credit remains outstanding and unpaid or any Bank has any obligation to make any Loans or any Issuing Bank has any obligation to issue, extend, or renew any Letters of Credit hereunder. All statements contained in any certificate or other paper delivered by or on behalf of the Borrower pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower hereunder.

**§20. ASSIGNMENT AND PARTICIPATION.** It is understood and agreed that each Bank shall have the right to assign at any time all or a portion of its Commitment Percentage and interests in the risk relating to the Loans, outstanding Letters of Credit and its Commitment hereunder in an amount equal to or greater than (unless otherwise agreed to by the Borrower and the Administrative Agent) \$5,000,000 (or, if a Bank's Commitment is less than \$5,000,000, in a minimum amount equal to such Bank's Commitment; provided that prior to any Commitment reductions pursuant to §2.3.1, such Bank's Commitment was at least \$5,000,000), to additional banks, other financial institutions or Bank Affiliates (other than Defaulting Banks) with the prior written approval of the Administrative Agent, the Swing Line Bank and each Issuing Bank and, so long as no Event of Default has occurred and is continuing, the consent of the Borrower (provided that (i) the Borrower's consent shall not be required in the case of an assignment to a Bank Affiliate or to an Approved Fund and (ii) the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof), which approvals shall not be unreasonably withheld. Any Bank may at any time, and from time to time, assign to any branch, lending office, or Bank Affiliate all or any part of its rights and obligations under the Loan Documents by notice to the Administrative Agent and the Borrower. It is further agreed that each bank or other financial institution which executes and delivers to the Administrative

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Agent and the Borrower hereunder an Assignment and Assumption substantially in the form of Exhibit E hereto, or such other form approved by the Administrative Agent (an "Assignment and Assumption") together with an assignment fee in the amount of \$3,500 payable by the assigning Bank to the Administrative Agent, shall, on the date specified in such Assignment and Assumption, become a party to this Agreement and the other Loan Documents for all purposes of this Agreement and the other Loan Documents, and its portion of the Commitment, the Loans and Letters of Credit shall be as set forth in such Assignment and Assumption; provided, that the Administrative Agent may, in its sole discretion, elect to waive such assignment fee. The Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights (except for indemnity rights arising out of the period prior to such assignment) and be released from its obligations under this Agreement and the other Loan Documents. Upon the execution and delivery of such Assignment and Assumption (a) to the extent applicable, the Borrower shall issue Notes (and replacement Notes) or the Administrative Agent shall make appropriate entries on the applicable loan account(s) to reflect such assignment of Loan(s); and (b) this Agreement and Schedule 1 shall be deemed to be appropriately amended to reflect (i) the status of the bank, financial institution or Bank Affiliate as a party hereto and (ii) the status and rights of the Banks hereunder.

Each Bank shall also have the right to grant participations to one or more banks, other financial institutions or Bank Affiliates (other than Defaulting Banks) in its Commitment, the Loans and outstanding Letters of Credit. The documents evidencing any such participation shall limit such participating bank's, financial institution's or Bank Affiliate's, voting rights with respect to this Agreement to the matters set forth in §15.9(b)(i) — (v); and each such participant shall be entitled to the benefit of §5.5 hereof to the extent of its participation, subject to the limitations set forth therein.

Notwithstanding the foregoing, no assignment or participation shall (a) be made to the Borrower or any Affiliate or (b) operate to increase the Total Commitment hereunder or otherwise alter the substantive terms of this Agreement, and no Bank which retains a Commitment hereunder shall have a Commitment of less than \$5,000,000, except as a result of reductions in the Total Commitment pursuant to §2.3 hereof.

Anything contained in this §20 to the contrary notwithstanding, any Bank may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of its Notes) to any of the twelve Federal Reserve Banks organized under §4 of the Federal Reserve Act, 12 U.S.C. §341. No such pledge or the enforcement thereof shall release the pledgor Bank from its obligations hereunder or under any of the other Loan Documents.

The Borrower agrees that in addition to disclosures made in accordance with standard and customary banking practices any Bank may disclose information obtained by such Bank pursuant to this Agreement to assignees or participants and potential assignees or participants hereunder; provided that such assignees or participants or potential assignees or participants shall agree to be bound by §18 hereof.

**§21. PARTIES IN INTEREST.** All the terms of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of and be enforceable by the respective

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successors and assigns of the parties hereto and thereto; provided, that neither the Borrower nor the Guarantor shall assign or transfer its rights or obligations hereunder or thereunder without the prior written consent of each of the Banks.

**§22. NOTICES, ETC.**

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, an Issuing Bank or the Swing Line Bank, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 22; and

(ii) if to any other Bank, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Bank on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) The Borrower hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Agreement and the other Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or Interest Period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit thereunder (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium in a format acceptable to

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the Administrative Agent pursuant to procedures approved by the Administrative Agent. In addition, the Borrower agrees to continue to provide the Communications to the Administrative Agent in the manner specified in this Agreement but only to the extent requested by the Administrative Agent. Unless the Administrative Agent otherwise prescribes, (i) Communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) Communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Borrower further agrees that (i) the Administrative Agent and/or the Lead Arrangers may make the Communications and/or information provided by or on behalf of the Borrower hereunder available to the Banks by posting the Communications and such other information on Intralinks or a substantially similar electronic transmission system (the "Platform") and (ii) certain of the Banks (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that (w) all Communications and such other information that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking such Communications and other information "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Lead Arrangers, the Issuing Banks and the Banks to treat such Communications and other information as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Communications and other information subject to §18.1, they shall be treated as set forth in §18.1); (y) all Communications and other information marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Lead Arrangers shall be entitled to treat any Communications and other information that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal or state securities laws.

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(d) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, AN WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, "AGENT PARTIES") HAVE ANY LIABILITY TO THE BORROWER, ANY BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR MATERIAL BREACH; PROVIDED, HOWEVER, THAT IN NO EVENT SHALL ANY AGENT PARTY HAVE ANY LIABILITY TO THE BORROWER, ANY BANK, ANY ISSUING BANK OR ANY OTHER PERSON FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES).

(e) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of this Agreement. Each Bank agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Bank for purposes of this Agreement. Each Bank agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Bank's e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address.

(f) Nothing herein shall prejudice the right of the Administrative Agent or any Bank to give any notice or other communication pursuant to this Agreement in any other manner specified herein.

**§23. MISCELLANEOUS.** The rights and remedies herein expressed are cumulative and not exclusive of any other rights which the Banks, the Issuing Banks or the Administrative Agent would otherwise have. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which

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when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. This Agreement, to the extent signed and delivered by means of a facsimile machine or other electronic imaging means, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto shall raise the use of a facsimile machine or other electronic imaging means to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or other electronic imaging means as a defense to the formation of a contract and each party forever waives such defense. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

**§24. CONSENTS, ETC.** Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in this §24, subject to the provisions of §15.9. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement to be given by the Banks may be given, and any term of this Agreement or of any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Borrower or the Guarantor of any terms of this Agreement or such other instrument or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Borrower and the Majority Banks. To the extent permitted by law, no course of dealing or delay or omission on the part of any of the Banks, the Issuing Banks or the Administrative Agent in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower or the Guarantor shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

**§25. WAIVER OF JURY TRIAL.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EXCEPT AS PROHIBITED BY LAW, THE BORROWER AND THE GUARANTOR HEREBY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR

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CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE BORROWER AND THE GUARANTOR EACH (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY BANK, ANY ISSUING BANK, THE ADMINISTRATIVE AGENT OR ANY AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH BANK, SUCH ISSUING BANK, THE ADMINISTRATIVE AGENT OR SUCH AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE ADMINISTRATIVE AGENT, THE BANKS, AND THE ISSUING BANKS HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BECAUSE OF, AMONG OTHER THINGS, THE BORROWER'S AND THE GUARANTOR'S WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

**§26. GOVERNING LAW; SUBMISSION TO JURISDICTION.** THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL, PURSUANT TO NEW YORK GENERAL OBLIGATIONS LAW §5-1401, BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK. THE BORROWER AND THE GUARANTOR CONSENT AND AGREE THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN MANHATTAN OR THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT FROM ANY THEREOF AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER IN ACCORDANCE WITH LAW AT THE ADDRESS SPECIFIED IN §22. THE BORROWER AND THE GUARANTOR HEREBY WAIVE ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER PARTY OR SUCH PARTY'S PROPERTIES IN THE COURTS OF ANY JURISDICTION.

**§27. SEVERABILITY.** The provisions of this Agreement are severable and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction. Without limiting the foregoing provisions of this §27, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Banks shall be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws, as determined in good faith by the

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Administrative Agent, the Issuing Banks or the Swing Line Bank, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

**§28. GUARANTY.**

**§28.1. Guaranty.** For value received and hereby acknowledged and as an inducement to the Banks and the Issuing Banks to make the Loans available to the Borrower, and issue, extend or renew Letters of Credit for the account of the Borrower, the Guarantor hereby unconditionally and irrevocably guarantees (a) the full punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrower now or hereafter existing whether for principal, interest, fees, expenses or otherwise, and (b) the strict performance and observance by the Borrower of all agreements, warranties and covenants applicable to the Borrower in the Loan Documents and (c) the obligations of the Borrower under the Loan Documents (such Obligations collectively being hereafter referred to as the "Guaranteed Obligations").

**§28.2. Guaranty Absolute.** The Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms hereof, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Bank, any Issuing Bank or the Administrative Agent with respect thereto. The liability of the Guarantor under the guaranty granted under this Agreement with regard to the Guaranteed Obligations shall be absolute and unconditional irrespective of:

- (a) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other amendment or waiver of or any consent to departure from this Agreement or any other Loan Document (with regard to such Guaranteed Obligations);
- (b) any release or amendment or waiver of or consent to departure from any other guaranty for all or any of its Guaranteed Obligations;
- (c) any change in ownership of the Borrower;
- (d) any acceptance of any partial payment(s) from the Borrower or the Guarantor; or
- (e) any other circumstance whatsoever which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety or the Borrower in respect of its Obligations under any Loan Document.

The guaranty under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Guaranteed Obligation is rescinded or must otherwise be returned by the Banks, the Issuing Banks or the Administrative Agent upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

**§28.3. Effectiveness; Enforcement.** The guaranty under this Agreement shall be effective and shall be deemed to be made with respect to each Loan and each Letter of Credit

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as of the time it is made, issued or extended, or becomes a Letter of Credit under this Agreement, as applicable. No invalidity, irregularity or unenforceability by reason of any bankruptcy or similar law, or any law or order of any government or agency thereof purporting to reduce, amend or otherwise affect any liability of the Borrower, and no defect in or insufficiency or want of powers of the Borrower or irregular or improperly recorded exercise thereof, shall impair, affect, be a defense to or claim against such guaranty. The guaranty under this Agreement is a continuing guaranty and shall (a) survive any termination of this Agreement, and (b) remain in full force and effect until payment in full of, and performance of, all Guaranteed Obligations and all other amounts payable under this Agreement. The guaranty under this Agreement is a guaranty of payment (and not of collection) made for the benefit of the Administrative Agent, the Issuing Banks and the Banks and their successors and assigns, and may be enforced from time to time as often as occasion therefor may arise and without requirement on the part of the Administrative Agent, the Issuing Banks or the Banks first to exercise any rights against the Borrower, or to resort to any other source or means of obtaining payment of any of the said obligations or to elect any other remedy.

**§28.4. Waiver.** Except as otherwise specifically provided in any of the Loan Documents, the Guarantor hereby waives promptness, diligence, protest, notice of protest, all suretyship defenses, notice of acceptance and any other notice with respect to any of its Guaranteed Obligations and the guaranty under this Agreement and any requirement that the Banks, the Issuing Banks or the Administrative Agent protect, secure, perfect any security interest or Lien or any property subject thereto or exhaust any right or take any action against the Borrower or any other Person. The Guarantor also irrevocably waives, to the fullest extent permitted by law, all defenses which at any time may be available to it in respect of its Guaranteed Obligations by virtue of any statute of limitations, valuation, stay, moratorium law or other similar law now or hereafter in effect.

**§28.5. Expenses.** The Guarantor hereby promises to reimburse (a) the Administrative Agent for all reasonable out-of-pocket fees and disbursements (including all reasonable attorneys' fees), incurred or expended in connection with the preparation, filing or recording, or interpretation of the guaranty under this Agreement, the other Loan Documents or any amendment, modification, approval, consent or waiver hereof or thereof, and (b) the Administrative Agent, the Issuing Banks and the Banks and their respective affiliates for all reasonable out-of-pocket fees and disbursements (including reasonable attorneys' fees), incurred or expended in connection with the enforcement of its Guaranteed Obligations (whether or not legal proceedings are instituted). The Guarantor will pay any taxes (including any interest and penalties in respect thereof) other than the Banks' taxes based on overall income or profits, payable on or with respect to the transactions contemplated by the guaranty under this Agreement, the Guarantor hereby agreeing jointly and severally to indemnify each Bank with respect thereto.

**§28.6. Concerning Joint and Several Liability of the Guarantor.**

(a) The Guarantor hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the Borrower, with respect to the payment and performance of all of its Guaranteed Obligations (including, without limitation, any Guaranteed Obligations arising under this §28), it

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being the intention of the parties hereto that all such Guaranteed Obligations shall be the joint and several Guaranteed Obligations of the Guarantor and the Borrower without preferences or distinction among them.

(b) If and to the extent that the Borrower shall fail to make any payment with respect to any of its Obligations as and when due or to perform any of its Guaranteed Obligations in accordance with the terms thereof, then in each such event the Guarantor will make such payment with respect to, or perform, such Guaranteed Obligation.

(c) The Guaranteed Obligations of the Guarantor under the provisions of this §28 constitute full recourse obligations of the Guarantor enforceable against the Guarantor to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstance whatsoever.

(d) Except as otherwise expressly provided in this Agreement, the Guarantor hereby waives notice of acceptance of its joint and several liability, notice of any Loans made, or Letters of Credit issued under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent, the Issuing Banks or the Banks under or in respect of any of the Guaranteed Obligations, and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement. The Guarantor hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Guaranteed Obligations, the acceptance of any payment of any of the Guaranteed Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Administrative Agent, the Issuing Banks or the Banks at any time or times in respect of any Default or Event of Default by the Borrower or the Guarantor in the performance or satisfaction of any term, covenant, condition or provision of this Agreement or any other Loan Document, any and all other indulgences whatsoever by the Administrative Agent, the Issuing Banks or the Banks in respect of any of the Guaranteed Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Guaranteed Obligations or the addition, substitution or release, in whole or in part, of the Borrower or the Guarantor. Without limiting the generality of the foregoing, the Guarantor assents to any other action or delay in acting or failure to act on the part of the Banks, the Issuing Banks or the Administrative Agent with respect to the failure by the Borrower or the Guarantor to comply with its respective Obligations or Guaranteed Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this §28, afford grounds for terminating, discharging or relieving the Guarantor, in whole or in part, from any of the Guaranteed Obligations under this §28, it being the intention of the Guarantor that, so long as any of the Guaranteed Obligations hereunder remain unsatisfied, the Guaranteed Obligations of the Guarantor under this §28 shall not be discharged except by performance and then only to the extent of such performance. The Guaranteed Obligations of the Guarantor under this §28 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to the Borrower or the Guarantor or the Banks, the Issuing Banks or the Administrative Agent. The joint and

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several liability of the Guarantor hereunder shall continue in full force and effect notwithstanding any absorption, merger, consolidation, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of the Borrower or the Guarantor, the Banks, the Issuing Banks or the Administrative Agent.

(e) The Guarantor shall be liable under this §28 only for the maximum amount of such liabilities that can be incurred under applicable law without rendering this §28 voidable under applicable law relating to fraudulent conveyance and fraudulent transfer, and not for any greater amount. Accordingly, if any obligation under any provision under this §28 shall be declared to be invalid or unenforceable in any respect or to any extent, it is the stated intention and agreement of the Guarantor, the Administrative Agent, the Issuing Banks and the Banks that any balance of the obligation created by such provision and all other obligations of the Guarantor under this §28 to the Banks, the Issuing Banks or the Administrative Agent shall remain valid and enforceable, and that all sums not in excess of those permitted under applicable law shall remain fully collectible by the Banks, the Issuing Banks and the Administrative Agent from the Borrower or the Guarantor, as the case may be.

(f) The provisions of this §28 are made for the benefit of the Administrative Agent, the Issuing Banks and the Banks and their successors and assigns, and may be enforced in good faith by them from time to time against the Guarantor as often as occasion therefor may arise and without requirement on the part of the Administrative Agent, the Issuing Banks or the Banks first to marshal any of their claims or to exercise any of their rights against the Borrower or the Guarantor or to exhaust any remedies available to them against the Borrower or the Guarantor or to resort to any other source or means of obtaining payment of any of the obligations hereunder or to elect any other remedy. The provisions of this §28 shall remain in effect until all of the Guaranteed Obligations shall have been paid in full or otherwise fully satisfied and the Commitments have expired and all outstanding Letters of Credit have expired, matured or otherwise been terminated. If at any time, any payment, or any part thereof, made in respect of any of the Guaranteed Obligations, is rescinded or must otherwise be restored or returned by the Banks, the Issuing Banks or the Administrative Agent upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or otherwise, the provisions of this §28 will forthwith be reinstated in effect, as though such payment had not been made.

**§28.7. Waiver.** Until the final payment and performance in full of all of the Obligations, the Guarantor shall not exercise and the Guarantor hereby waives any rights the Guarantor may have against the Borrower arising as a result of payment by the Guarantor hereunder, by way of subrogation, reimbursement, restitution, contribution or otherwise, and will not prove any claim in competition with the Administrative Agent, the Issuing Banks or any Bank in respect of any payment hereunder in any bankruptcy, insolvency or reorganization case or proceedings of any nature; the Guarantor will not claim any setoff, recoupment or counterclaim against the Borrower in respect of any liability of the Borrower to the Guarantor; and the Guarantor waives any benefit of and any right to participate in any collateral security which may be held by the Administrative Agent, the Issuing Banks or any Bank.

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**§28.8. Subrogation; Subordination.** The payment of any amounts due with respect to any indebtedness of the Borrower for money borrowed or credit received now or hereafter owed to the Guarantor is hereby subordinated to the prior payment in full of all of the Obligations. The Guarantor agrees that, after the occurrence of any default in the payment or performance of any of the Obligations, the Guarantor will not demand, sue for or otherwise attempt to collect any such indebtedness of the Borrower to the Guarantor until all of the Obligations shall have been paid in full. If, notwithstanding the foregoing sentence, the Guarantor shall collect, enforce or receive any amounts in respect of such indebtedness while any Obligations are still outstanding, such amounts shall be collected, enforced and received by the Guarantor as trustee for the Banks, the Issuing Banks and the Administrative Agent and be paid over to the Administrative Agent at Default, for the benefit of the Banks, the Issuing Banks, and the Administrative Agent on account of the Obligations without affecting in any manner the liability of the Guarantor under the other provisions hereof.

**§28.9. Consent and Confirmation.** The Guarantor hereby (i) consents, acknowledges and agrees to the amendment and restatement of the Existing Credit Agreement provided hereby and set forth herein, (ii) confirms and ratifies in all respects this Agreement and the enforceability of this Agreement in accordance with its terms, and (iii) confirms and agrees that the Guarantor's payment and performance obligations under this Agreement, and the Guaranteed Obligations, do and shall continue as to and include all Obligations upon and after the effectiveness of this Agreement and the amendment and restatement of the Existing Credit Agreement contemplated hereby.

**§29. PRO RATA TREATMENT.**

(a) Notwithstanding anything to the contrary set forth herein, each payment or prepayment of principal and interest received after the occurrence of an Event of Default hereunder shall be distributed *pro rata* among the Banks, in accordance with the aggregate outstanding principal amount of the Obligations owing to each Bank divided by the aggregate outstanding principal amount of all Obligations.

(b) Each Bank agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower (pursuant to §13 or otherwise), including a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from or in lieu of, such secured claim, received by such Bank under any applicable bankruptcy, insolvency or other similar law or otherwise, obtain payment (voluntary or involuntary) in respect of the Notes, Loans, Reimbursement Obligations and other Obligations held by it (other than pursuant to §5.5, §5.6 or §5.8) as a result of which the unpaid principal portion of the Notes and the Obligations held by it shall be proportionately less than the unpaid principal portion of the Notes and the Obligations held by any other Bank, it shall be deemed to have simultaneously purchased from such other Bank a participation in the Notes and the Obligations held by such other Bank, so that the aggregate unpaid principal amount of the Notes and the Obligations and participations in Notes and Obligations held by each Bank shall be in the same proportion to the aggregate unpaid principal amount of the Notes and the Obligations then outstanding as the principal amount of the Notes and the Obligations held by it prior to such exercise of banker's lien, setoff or counterclaim was to the principal amount of

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all Notes and Obligations outstanding prior to such exercise of banker's lien, setoff or counterclaim; provided, however, that (i) if any such purchase or purchases or adjustments shall be made pursuant to this §29 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustments restored without interest and (ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Bank), or (y) any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Syndicated Loans or subparticipations in Reimbursement Obligations or Swing Line Loans to any assignee or participant, other than an assignment to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply). The Borrower expressly consents to the foregoing arrangements and agrees that any Person holding such a participation in the Obligations deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Person as fully as if such Person had made a Loan directly to the Borrower in the amount of such participation.

**§30. FINAL AGREEMENT.** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

**§31. USA PATRIOT ACT.** Each Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Bank to identify the Borrower in accordance with the USA Patriot Act. Each Borrower and each of its Subsidiaries shall provide such information and take such actions as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with the USA Patriot Act.

**§32. NO ADVISORY OR FIDUCIARY RESPONSIBILITY.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Borrower and the Guarantor acknowledges and agrees, and acknowledges its affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Banks and the Lead Arrangers are arm's-length commercial transactions between the Borrower, the Guarantor and their respective affiliates, on the one hand, and the Administrative Agent, the Banks and the other Lead Arrangers, on the other hand, (B) each of the Borrower and the Guarantor has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower and the Guarantor is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, each Bank and each Lead Arranger each is and has been acting solely as a principal and, except as expressly agreed in

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writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, the Guarantor or any of their respective affiliates, or any other Person and (B) neither the Administrative Agent nor any Bank nor any Lead Arranger has any obligation to the Borrower, the Guarantor or any of their respective affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Banks and the Lead Arrangers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the Guarantor and their respective affiliates, and neither the Administrative Agent nor any Bank nor any Lead Arranger has any obligation to disclose any of such interests to the Borrower, the Guarantor or any of their respective affiliates. To the fullest extent permitted by law, each of the Borrower and the Guarantor hereby waives and releases any claims that it may have against the Administrative Agent, the Banks and the other Lead Arrangers with respect to any breach or alleged breach of any agency or fiduciary duty to the Borrower, the Guarantor or any of their respective Affiliates in connection with any aspect of any transaction contemplated hereby.

**§33. PAYMENTS SET ASIDE.** To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent, an Issuing Bank or any Bank, or the Administrative Agent, an Issuing Bank or any Bank exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, an Issuing Bank or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any bankruptcy, insolvency or similar law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Bank and each Issuing Bank severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Banks and each Issuing Bank under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

*[Remainder of page is intentionally left blank; signature pages follow]*

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IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first set forth above.

**THE BORROWER AND GUARANTOR:**

**WASTE MANAGEMENT, INC.**

By: /s/ Cherie C. Rice

Name: Cherie C. Rice

Title: Vice President – Finance and Treasurer

**WASTE MANAGEMENT HOLDINGS, INC.**

By: /s/ Cherie C. Rice

Name: Cherie C. Rice

Title: Vice President and Treasurer

By: /s/ Devina A. Rankin

Name: Devina A. Rankin

Title: Assistant Treasurer

**THE ADMINISTRATIVE AGENT:**

**BANK OF AMERICA, N.A., as Administrative Agent**

By: /s/ Maria F. Maia

Name: Maria F. Maia

Title: Managing Director

AMENDED AND RESTATED CREDIT AGREEMENT

Waste Management, Inc.

Signature Page

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**THE BANKS:**

**BANK OF AMERICA, N.A.**

By: /s/ Maria F. Maia  
Name: Maria F. Maia  
Title: Managing Director

**JPMORGAN CHASE BANK, N.A.**

By: /s/ Aized A. Rabbani  
Name: Aized A. Rabbani  
Title: Vice President

**BARCLAYS BANK PLC**

By: /s/ Kevin Cullen  
Name: Kevin Cullen  
Title: Director

**BNP PARIBAS**

By: /s/ Andy Strait  
Name: Andy Strait  
Title: Managing Director

By: /s/ Michael Pearce  
Name: Michael Pearce  
Title: Managing Director

**CITIBANK, N.A.**

By: /s/ Vasudha Saxena  
Name: Vasudha Saxena  
Title: Vice President

AMENDED AND RESTATED CREDIT AGREEMENT  
Waste Management, Inc.  
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**DEUTSCHE BANK AG NEW YORK BRANCH**

By: /s/ Ross Levitsky

Name: Ross Levitsky

Title: Managing Director

By: /s/Ming Chu

Name: Ming Chu

Title: Vice President

**THE ROYAL BANK OF SCOTLAND PLC**

By: /s/ L. Peter Yetman

Name: L. Peter Yetman

Title: Director

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: /s/ Reginald M. Goldsmith III

Name: Reginald M. Goldsmith III

Title: Managing Director

**CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH**

By: /s/ Shaheen Malik

Name: Shaheen Malik

Title: Vice President

By: /s/ Kevin Buddhew

Name: Kevin Buddhew

Title: Associate

**GOLDMAN SACHS BANK USA**

By: /s/ Mark Walton

Name: Mark Walton

Title: Authorized Signatory

AMENDED AND RESTATED CREDIT AGREEMENT

Waste Management, Inc.

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**THE BANK OF NOVA SCOTIA**

By: /s/ Karen L. Anillo

Name: Karen L. Anillo

Title: Director

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Patrick D. Engel

Name: Patrick D. Engel

Title: Vice President

**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.**

By: /s/ D. Barnell

Name: D. Barnell

Title: Authorized Signatory

**THE BANK OF NEW YORK MELLON**

By: /s/ Robert Besser

Name: Robert Besser

Title: Managing Director

**COMERICA BANK**

By: /s/ L. J. Perenyi

Name: L. J. Perenyi

Title: Vice President

**COMPASS BANK**

By: /s/ Jason Goetz

Name: Jason Goetz

Title: Vice President

AMENDED AND RESTATED CREDIT AGREEMENT

Waste Management, Inc.

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**LLOYDS TSB BANK, PLC**

By: /s/ Jonathan Eng  
Name: Jonathan Eng  
Title: Vice President Corporate Banking USA

By: /s/ Christian Hammerbeck  
Name: Christian Hammerbeck  
Title: Vice President Corporate Banking USA

**MIZUHO CORPORATE BANK (USA)**

By: /s/ Leon Mo  
Name: Leon Mo  
Title: Senior Vice President

**PNC BANK, NATIONAL ASSOCIATION**

By: /s/ Philip K. Liebscher  
Name: Philip K. Liebscher  
Title: Senior Vice President

**SUMITOMO MITSUI BANKING CORPORATION**

By: /s/ Shuji Yabe  
Name: Shuji Yabe  
Title: General Manager

**MORGAN STANLEY BANK, N.A.**

By: /s/ Sherrese Clarke  
Name: Sherrese Clarke  
Title: Authorized Signatory

AMENDED AND RESTATED CREDIT AGREEMENT  
Waste Management, Inc.  
Signature Page

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**FORM OF SYNDICATED LOAN REQUEST**

**WASTE MANAGEMENT, INC.**  
 Amended and Restated Revolving Credit Agreement  
 (the "Credit Agreement") dated as of May 9, 2011

<b>Syndicated Loan Request under §2.6(a)</b>	
<b>Total Commitment</b>	_____
<b>Loans outstanding</b>	_____
<b>Amount of this Request</b>	_____
<b>Maximum Drawing Amount of outstanding Letters of Credit</b>	_____
Canadian Dollar component	C\$ _____
U.S. Dollar Equivalent of C\$ component	US\$ _____
<b>Total of all outstanding and requested Loans plus Maximum Drawing Amount of all outstanding Letters of Credit plus Amount of this Request (must not exceed Total Commitment)</b>	_____
<b>Proposed Drawdown Date</b>	_____
<b>Interest Rate Option (Base Rate or Eurodollar)</b>	_____
<b>Interest Period (if Eurodollar)</b>	_____
<b>Conversion under §2.7</b>	
<b>Amount to be converted from Eurodollar to Base Rate:</b>	_____
<b>Amount to be converted from Base Rate to Eurodollar:</b>	_____
<b>Amount to be maintained as Eurodollar Loan</b>	_____
<b>Conversion Date</b>	_____
<b>Interest Period (if Eurodollar)</b>	_____

I certify that the above is true and correct, and that all of the conditions set forth in §11 of the Credit Agreement have been satisfied as of the date hereof.

**WASTE MANAGEMENT, INC.**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_



**FORM OF SWING LINE LOAN NOTICE**

**WASTE MANAGEMENT, INC.**  
Amended and Restated Revolving Credit Agreement  
(the "Credit Agreement") dated as of May 9, 2011

<b>Swing Line Loan Request under §2.11</b>	
<b>Total Commitment</b>	_____
<b>Loans outstanding</b>	_____
<b>Amount of this requested Swing Line Loan (must not exceed the Swing Line Sublimit)</b>	_____
<b>Maximum Drawing Amount of outstanding Letters of Credit</b>	_____
<b>Canadian Dollar component</b>	<b>C\$</b> _____
<b>U.S. Dollar Equivalent of C\$ component</b>	<b>US\$</b> _____
<b>Total of all outstanding and requested Loans plus Maximum Drawing Amount of all outstanding Letters of Credit plus amount requested in this notice (must not exceed Total Commitment)</b>	_____
<b>Proposed Drawdown Date</b>	_____

I certify that the above is true and correct, and that all of the conditions set forth in §11 of the Credit Agreement have been satisfied as of the date hereof.

**WASTE MANAGEMENT, INC.**

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

Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

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**FORM OF LETTER OF CREDIT REQUEST**

**WASTE MANAGEMENT, INC.**  
Amended and Restated Revolving Credit Agreement  
(the "Credit Agreement") dated as of May 9, 2011

<b>Letter of Credit Request Under §3.1</b>	
<b>Total Commitment</b>	_____
<b>Maximum Drawing Amount of Letters of Credit outstanding</b>	_____
<b>Amount of this Request from Letter of Credit Application (attached)</b>	_____
— U.S. Dollars	_____
— Canadian Dollars	_____
<b>Loans Outstanding</b>	_____
<b>Maximum Drawing Amount of all outstanding and Requested Letters of Credit (must not exceed the Total Commitment minus Total of all Loans outstanding)</b>	_____

I certify that the above is true and correct, and that all of the conditions set forth in §11 of the Credit Agreement have been satisfied as of the date hereof.

**WASTE MANAGEMENT, INC.**

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

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**FORM OF COMPLIANCE CERTIFICATE**

Compliance Certificate dated \_\_\_\_\_

I, \_\_\_\_\_, [Chief Financial Officer] [Chief Accounting Officer] [Corporate Treasurer] of **WASTE MANAGEMENT, INC.** (the "Borrower") certify that no Default or Event of Default exists and that the Borrower is in compliance with §§7, 8 and 9 of the Amended and Restated Revolving Credit Agreement dated as of May 9, 2011 (as amended, modified, supplemented, restated and in effect from time to time, the "Credit Agreement"), [as of the end of the quarter ended \_\_\_\_\_]. Computations to evidence compliance with §9 of the Credit Agreement are detailed below. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

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

<b>§9.1 Interest Coverage Ratio</b>	
Consolidated Net Income (or Deficit)	\$ _____ (i)
<b>Plus (without duplication):</b>	
interest expense	\$ _____ (ii)
equity in losses (earnings) of unconsolidated entities	\$ _____ (iii)
income tax expense	\$ _____ (iv)
non-cash writedowns or writeoffs of assets	\$ _____ (v)
Minus non-cash extraordinary gains on the sale of assets	\$ _____ (vi)
EBIT (sum of (i) through (v) minus (vi))	\$ _____ (a)
Consolidated Net Income of Acquired Businesses	\$ _____ (i)
<b>Plus (without duplication):</b>	
interest expense	\$ _____ (ii)
equity in losses (earnings) of unconsolidated entities	\$ _____ (iii)
income tax expense	\$ _____ (iv)
non-cash writedowns or write-offs of assets	\$ _____ (v)
Minus non-cash extraordinary gains on the sale of assets	\$ _____ (vi)
EBIT of Acquired Businesses (sum of (i) through (v) minus (vi))	\$ _____ (b)
Sum of (a) plus (b)	\$ _____ (c)
Consolidated Total Interest Expense	\$ _____ (d)

Ratio of (c) to (d)	_____:
Minimum ratio	2.75 : 1.00
§9.2 Total Debt to EBITDA	
EBIT (from §9.1 item (c) above)	\$ _____ (i)
Plus:	
Depreciation expense	\$ _____ (ii)
Amortization expense	\$ _____ (iii)
EBITDA (sum of (i) through (iii))	\$ _____ (iv)
The sum of the following (calculated on a consolidated basis for the Borrower and its Subsidiaries):	
Indebtedness for borrowed money	\$ _____ (v)
Obligations for deferred purchase price of property or services (other than trade payables)	\$ _____ (vi)
Obligations evidenced by debt instruments	\$ _____ (vii)
Obligations under conditional sales	\$ _____ (viii)
Obligations, liabilities and indebtedness under Capitalized Leases	\$ _____ (ix)
Obligations, liabilities and indebtedness under bonding arrangements (to the extent that a surety has been called upon to make payment on a bond)	\$ _____ (x)
Guaranties of the Indebtedness of others	\$ _____ (xi)
Indebtedness secured by liens or encumbrances on property	\$ _____ (xii)
Non-contingent reimbursement obligations with respect to letters of credit	\$ _____ (xiii)
Total Debt (sum of v through xiii)	\$ _____ (xiv)
Ratio of (xiv) to (iv)	_____:
Maximum ratio:	3.50 : 1.00

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**FORM OF ASSIGNMENT AND ASSUMPTION****ASSIGNMENT AND ASSUMPTION**

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the "Assignor") and the Assignee identified in item 2 below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Bank under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, the Letters of Credit and the Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Bank) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: \_\_\_\_\_
  2. Assignee: \_\_\_\_\_
  3. Borrower: Waste Management, Inc.
  4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement
  5. Credit Agreement: Amended and Restated Credit Agreement, dated as of May 9, 2011, among, Waste Management, Inc., as Borrower, Waste Management Holdings, Inc., as Guarantor, the Banks from time to time party thereto, and Bank of America, N.A., as Administrative Agent, an Issuing Bank, and Swing Line Bank
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6. Assigned Interest:

<u>Assignor</u>	<u>Assignee</u>	<u>Facility Assigned</u>	<u>Aggregate Amount of Commitment/ Loans for all Banks</u>	<u>Amount of Commitment/ Loans Assigned</u>	<u>Percentage Assigned of Commitment/ Loans</u>	<u>CUSIP Number</u>
			\$	\$	%	

[7. Trade Date: \_\_\_\_\_]1

Effective Date: \_\_\_\_\_, 20\_\_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR  
[NAME OF ASSIGNOR]

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

ASSIGNEE  
[NAME OF ASSIGNEE]

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

[Consented to and]2 Accepted:

BANK OF AMERICA, N.A., as Administrative Agent

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

[Consented to:]3

[WASTE MANAGEMENT, INC.

By: \_\_\_\_\_  
Title:]

1 To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

2 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

3 To be added only if the consent of the Borrower and/or other parties (e.g. Swing Line Bank, Issuing Banks) is required by the terms of the Credit Agreement.

**Amended and Restated Credit Agreement, dated as of May 9, 2011, among, Waste Management, Inc., as  
Borrower, Waste Management Holdings, Inc., as Guarantor, the Banks from time to time party thereto, and  
Bank of America, N.A., as Administrative Agent, an Issuing Bank, and Swing Line Bank**

**STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1. Assignor. the Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. the Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all the requirements to be an assignee under §20 of the Credit Agreement (subject to such consents, if any, as may be required under §20 of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder; (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to §7.4 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is a Non-U.S. Bank, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Bank.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees

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and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

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**FORM OF COMPETITIVE BID QUOTE REQUEST**

**WASTE MANAGEMENT, INC.**  
Amended and Restated Revolving Credit Agreement  
(the "Credit Agreement") dated as of May 9, 2011

<b>Competitive Bid Quote Request under §4.3</b>	
Total Commitment	_____
Competitive Bid Loans outstanding	_____
Competitive Bid Loans requested	_____
Maximum Drawing Amount of outstanding Letters of Credit	_____
Syndicated Loans outstanding	_____
Swing Line Loans outstanding	_____
Total of all Outstanding and Requested Competitive Bid Loans	_____
(must not exceed the lesser of the Total Commitment minus Total of all Syndicated Loans outstanding, Swing Line Loans outstanding and Maximum Drawing Amount of outstanding Letters of Credit)	
<b>Type of Competitive Bid Loans Requested</b>	<b>Eurodollar/Absolute</b>
Requested Drawdown Date	_____
<u>Principal Amount of Competitive Bid Loan Requested</u>	<u>Requested Interest Period(s)</u>
_____	_____

I certify that the above is true and correct, and that all of the conditions set forth in §11 of the Credit Agreement have been satisfied as of the date hereof.

**WASTE MANAGEMENT, INC.**

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

**FORM OF INVITATION FOR COMPETITIVE BID QUOTES**

**WASTE MANAGEMENT, INC.**  
(the "Borrower")  
Amended and Restated Revolving Credit Agreement  
(the "Credit Agreement") dated as of May 9, 2011

**ATTN:** [\_\_\_\_\_]

**REF:** [\_\_\_\_\_]

**RE:** INVITATION FOR  
COMPETITIVE BID QUOTES AGREEMENT DATED \_\_\_/\_\_\_/\_\_\_

BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT INVITATION FOR COMPETITIVE BID QUOTES DATED \_\_\_/\_\_\_/\_\_\_

PURSUANT TO §4.3 OF THE ABOVE REFERENCED CREDIT AGREEMENT, YOU ARE INVITED TO SUBMIT A COMPETITIVE BID QUOTE TO THE BORROWER FOR THE FOLLOWING PROPOSED COMPETITIVE BID LOAN(S):

DATE OF BORROWING: \_\_\_/\_\_\_/\_\_\_

AGGREGATE AMOUNT REQUESTED:

PRINCIPAL AMOUNT	INTEREST PERIOD
------------------	-----------------

SUCH COMPETITIVE BID QUOTES SHOULD OFFER COMPETITIVE BID RATE(S)/ MARGIN(S).

PLEASE RESPOND IN WRITING TO THIS INVITATION BY NO LATER THAN \_\_\_:\_\_\_ A.M./P.M. (NEW YORK TIME ON \_\_\_/\_\_\_/\_\_\_ TO ONE OF THE FOLLOWING:

PRIMARY FAX NO.: [\_\_\_\_\_] (Attn: \_\_\_\_\_) **Confirm]**

ALTERNATE FAX NO.: [\_\_\_\_\_] (Attn: \_\_\_\_\_) **Confirm]**

NOTE: PLEASE FOLLOW-UP YOUR SUBMITTED WRITTEN BID(S) WITH PHONE VERIFICATION TO CONFIRM. IF YOU ARE UNABLE TO SEND YOUR FAX DUE TO AN OCCUPIED FAX LINE, PLEASE CALL BY \_\_\_:\_\_\_ A.M./P.M. IN ADDITION,

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PLEASE SUBMIT YOUR BID(S) IN SUBSTANTIALLY THE FORM OF "EXHIBIT H" TO THE CREDIT AGREEMENT.

QUOTES RECEIVED AFTER \_\_\_:\_\_\_ A.M./P.M. (NEW YORK TIME) WILL NOT BE FORWARDED TO THE BORROWER.

SUBMITTED BIDS MUST BE TEN MILLION DOLLARS (\$10,000,000) OR LARGER MULTIPLE OF ONE MILLION DOLLARS (\$1,000,000). ALSO, PLEASE SPECIFY LIMITATION AMOUNTS, IF APPLICABLE.

**BANK OF AMERICA, N.A., as Administrative Agent**

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

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**FORM OF COMPETITIVE BID QUOTE**

**WASTE MANAGEMENT, INC.**  
Amended and Restated Revolving Credit Agreement  
(the "Credit Agreement") dated as of May 9, 2011

**Competitive Bid Quote under §4.5**

Bank: \_\_\_\_\_  
Person to Contact: \_\_\_\_\_  
Date of Competitive Bid Quote Request: \_\_\_\_\_  
Type of Competitive Bid Loans Requested: Eurodollar/Absolute  
Requested Drawdown Date: \_\_\_\_\_

Principal Amount of Competitive Bid Loan Offered	Requested Interest Period(s)	Proposed Competitive Bid Rate/Competitive Bid Margin
_____	_____	_____

I certify that the above is true and correct, and that the offer(s) set forth above irrevocably obligates us to make such Competitive Bid Loan(s) if such offer(s) is/are accepted by the Borrower and all of the conditions set forth in §11 of the Credit Agreement have been satisfied as of the requested Drawdown Date.

[NAME OF BANK]

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

\_\_\_\_\_

FORM OF NOTICE OF  
ACCEPTANCE/REJECTION OF COMPETITIVE BID QUOTE(S)

WASTE MANAGEMENT, INC.  
Amended and Restated Revolving Credit Agreement  
(the "Credit Agreement") dated as of May 9, 2011

**Notice of Competitive Bid Quote(s) under §4.7**

Date of Competitive Bid Quote Request: \_\_\_\_\_

Type of Competitive Bid Loans Requested: Eurodollar/Absolute

Requested Drawdown Date: \_\_\_\_\_

We hereby **accept** the following Competitive Bid Quote(s):

Principal Amount of Quotes	Interest Period(s)	Competitive Rate/ Competitive Bid Margin	Bank
_____	_____	_____	_____

We hereby **reject** the following Competitive Bid Quote(s):

Principal Amount of Quotes	Interest Period(s)	Competitive Rate/ Competitive Bid Margin	Bank
_____	_____	_____	_____

The accepted and rejected Competitive Bid Quotes described above constitute all Competitive Bid Quotes submitted by the Banks in accordance with §4.5 of the Credit Agreement.

WASTE MANAGEMENT, INC.

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

Date: \_\_\_\_\_

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**FORM OF ADMINISTRATIVE QUESTIONNAIRE**

*See attached.*

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FAX ALONG WITH COMMITMENT LETTER TO: Ronaldo Naval (ronaldo.naval@baml.com)

FAX # 877-511-6124

I. Borrower Name: Waste Management Inc.

\$2,000,000,000.00 Type of Credit Facility Revolving Credit Facility

II. Legal Name of Lender of Record for Signature Page:

- Signing Credit Agreement \_\_\_\_\_ YES \_\_\_\_\_ NO
- Coming in via Assignment \_\_\_\_\_ YES \_\_\_\_\_ NO

III. Type of Lender: \_\_\_\_\_

(Bank, Asset Manager, Broker/Dealer, CLO/CDO, Finance Company, Hedge Fund, Insurance, Mutual Fund, Pension Fund, Other Regulated Investment Fund, Special Purpose Vehicle, Other — please specify)

IV. Domestic Address:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

V. Eurodollar Address:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

VI. Contact Information:

Syndicate level information (which may contain material non-public information about the Borrower and its related parties or their respective securities will be made available to the Credit Contact(s). The Credit Contacts identified must be able to receive such information in accordance with his/her institution's compliance procedures and applicable laws, including Federal and State securities laws.

	Credit Contact	Primary Operations Contact	Secondary Operations Contact
Name:	_____	_____	_____
Title:	_____	_____	_____
Address:	_____	_____	_____
	_____	_____	_____
Telephone:	_____	_____	_____
Facsimile:	_____	_____	_____
E Mail Address:	_____	_____	_____
IntraLinks E Mail Address:	_____	_____	_____

Does Secondary Operations Contact need copy of notices? \_\_\_YES \_\_\_ NO



CONFIDENTIAL

	Letter of Credit Contact	Draft Documentation Contact	Legal Counsel
Name:	_____	_____	_____
Title:	_____	_____	_____
Address:	_____	_____	_____
Telephone:	_____	_____	_____
Facsimile:	_____	_____	_____
E Mail Address:	_____	_____	_____

**VII. Lender's Standby Letter of Credit, Commercial Letter of Credit, and Bankers' Acceptance Fed Wire Payment Instructions (if applicable):**

Pay to:

\_\_\_\_\_

(Bank Name)

\_\_\_\_\_

(ABA #)

\_\_\_\_\_

(Account #)

\_\_\_\_\_

(Attention)

**VIII. Lender's Fed Wire Payment Instructions:**

Pay to:

\_\_\_\_\_

(Bank Name)

\_\_\_\_\_

(ABA#) (City/State)

\_\_\_\_\_

(Account #) (Account Name)

\_\_\_\_\_

(Attention)



IX. Organizational Structure and Tax Status

Please refer to the enclosed withholding tax instructions below and then complete this section accordingly:

Lender Taxpayer Identification Number (TIN): \_\_\_\_\_ - \_\_\_\_\_

Tax Withholding Form Delivered to Bank of America\*:

- \_\_\_\_\_ W-9
- \_\_\_\_\_ W-8BEN
- \_\_\_\_\_ W-8ECI
- \_\_\_\_\_ W-8EXP
- \_\_\_\_\_ W-8IMY

Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Facsimile: \_\_\_\_\_  
 E Mail Address: \_\_\_\_\_

**Tax Contact**

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NON—U.S. LENDER INSTITUTIONS

1. Corporations:  
 If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: a.) Form W-8BEN (Certificate of Foreign Status of Beneficial Owner), b.) Form W-8ECI (Income Effectively Connected to a U.S. Trade or Business), or c.) Form W-8EXP (Certificate of Foreign Government or Governmental Agency).

A U.S. taxpayer identification number is required for any institution submitting a Form W-8 ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **An original tax form must be submitted.**



## 2. Flow-Through Entities

If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original Form W-8IMY (Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. branches for United States Tax Withholding) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **Original tax form(s) must be submitted.**

### U.S. LENDER INSTITUTIONS:

If your institution is incorporated or organized within the United States, you must complete and return Form W-9 (Request for Taxpayer Identification Number and Certification). **Please be advised that we require an original form W-9.**

***Pursuant to the language contained in the tax section of the Credit Agreement, the applicable tax form for your institution must be completed and returned on or prior to the date on which your institution becomes a lender under this Credit Agreement. Failure to provide the proper tax form when requested will subject your institution to U.S. tax withholding.***

\* Additional guidance and instructions as to where to submit this documentation can be found at this link:



Tax Form Tool Kit  
(2006) (2).doc

### X. Bank of America Payment Instructions:

Pay to: Bank of America, N.A.  
ABA # 026009593  
New York, NY  
Acct. # 1292000883  
Attn: Corporate Credit Services  
Ref: Waste Management, Inc. / Sandra Gonzalez



**BANKS; COMMITMENTS**

<b>Bank</b>	<b>Commitment</b>
Bank of America N.A.	\$ 180,000,000
JPMorgan Chase Bank N.A.	\$ 180,000,000
Barclays Bank PLC	\$ 180,000,000
BNP Paribas	\$ 135,000,000
Citibank, N.A.	\$ 135,000,000
Deutsche Bank AG New York Branch	\$ 135,000,000
The Royal Bank of Scotland plc	\$ 135,000,000
Wells Fargo Bank, National Association	\$ 135,000,000
Credit Suisse AG, Cayman Islands Branch	\$ 90,000,000
Goldman Sachs Bank USA	\$ 90,000,000
The Bank of Nova Scotia	\$ 90,000,000
U.S. Bank National Association	\$ 90,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$ 67,500,000
The Bank of New York Mellon	\$ 47,500,000
Comerica Bank	\$ 47,500,000
Compass Bank	\$ 47,500,000
Lloyds TSB Bank, plc	\$ 47,500,000
Mizuho Corporate Bank (USA)	\$ 47,500,000
PNC Bank, National Association	\$ 47,500,000
Sumitomo Mitsui Banking Corporation	\$ 47,500,000
Morgan Stanley Bank, N.A.	\$ 25,000,000
<b>Total</b>	<b>\$ 2,000,000,000</b>

**EXISTING LIENS**

**Secured Debt**

Tax-exempt project bonds issued by Subsidiaries, as disclosed in Note 3, Debt, to the Borrower's condensed consolidated financial statements included within its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 and Note 7, Debt, to the Borrower's consolidated financial statements included within its Annual Report on Form 10-K for the year ended December 31, 2010.

Tax-exempt bonds issued by Subsidiaries in California to finance vehicles and equipment used to perform collection services under municipal contracts.

**Capital Leases**

Various capital leases entered into by Subsidiaries in the ordinary course of business for operating equipment and facilities.

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**ISSUING BANKS AND ISSUING BANK LIMITS**

Bank of America, N.A.	\$1,000,000,000
JPMorgan Chase Bank, N.A.	\$ 500,000,000
Barclays Bank PLC	\$ 500,000,000
PNC Bank	\$ 500,000,000
Well Fargo Bank, N.A.	\$ 300,000,000
BNP Paribas	\$ 300,000,000
Compass Bank	\$ 75,000,000

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**FORM OF INCREASE/DECREASE LETTER**

Date: \_\_\_\_\_

Reference is made to the AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT dated as of May 9, 2011 (as amended and in effect from time to time, the "Credit Agreement"), by and among WASTE MANAGEMENT, INC., a Delaware corporation (the "Borrower"), WASTE MANAGEMENT HOLDINGS, INC., a wholly-owned Subsidiary of the Borrower (the "Guarantor"), certain Banks, and BANK OF AMERICA, N.A., as Administrative Agent (the "Administrative Agent"), and specifically to Schedule 3.1 attached thereto.

The undersigned, being an Issuing Bank as defined in the Credit Agreement, hereby agrees pursuant to §3.1 of the Credit Agreement that the limit set forth in said Schedule 3.1 with respect to the undersigned shall, effective on the date hereof, be changed to \$ \_\_\_\_\_.

The Borrower, the Guarantor and the Administrative Agent acknowledge the foregoing.

This letter agreement may be executed in any number of counterparts, and shall be governed by and construed in accordance with the law of the State of New York.

Very truly yours,

**[Name of Issuing Bank]**

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

**WASTE MANAGEMENT, INC.**

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

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**WASTE MANAGEMENT HOLDINGS, INC.**

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

**BANK OF AMERICA, N.A., as Administrative Agent**

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

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## EXISTING LETTERS OF CREDIT

Issuing Bank	Instrument ID	Beneficiary Name	Amount
Bank of America	1232800	The Bank of NY Trust Co, NA	\$ 27,757,743.00
	1247976	The Bank of NY Trust Co, NA	\$ 7,356,311.00
	1251000	The Bank of NY Trust Co, NA	\$ 15,236,713.00
	1257761	The Bank of NY, Corp Trust	\$ 22,368,877.00
	1282117	CIWMB	\$ 200,000.00
	1302974	Pennsylvania DEP	\$ 18,284,965.00
	1303357	City of Tampa, FL	\$ 1,500,000.00
	1335043	Pennsylvania DEP	\$ 10,219,006.00
	1335072	Pennsylvania DEP	\$ 34,188,305.00
	1344215	Massachusetts DEP/US Bank	\$ 12,702,550.00
	1409712	Bank of NY	\$ 15,140,035.00
	1411998	Bank of NY	\$ 10,157,809.00
	1S1278952	New Castle County	\$ 340.00
	1S1335049	Dept. of Public Works County of Los Angeles	\$ 10,000.00
	1S1335064	City of Chicago	\$ 250,000.00
	1S64016609	Michigan DEQ	\$ 160,000.00
	50061221	Pennsylvania DEP	\$ 19,356,575.00
	50061263	Florida Dept. of Labor & Employment Security	\$ 100,000.00
	50061302	Louisiana DNR	\$ 1,733,241.00
	50061572	Shade Township	\$ 1,748,866.00
	50061680	West Virginia DEP	\$ 32,000.00
	50061694	Village of Hawthorn Woods	\$ 50,000.00
	50061772	City of Irwindale/DEC Mine Reclamation	\$ 31,413.00
	50061858	Arrowood Indemnity Company	\$ 85,000.00
	50061869	Village of Holiday Hills	\$ 10,000.00
	50061886	Pennsylvania DEP	\$ 24,508,684.00
	50061897	Stafford County	\$ 160,000.00
	50061909	Vermont Commissioner of Insurance	\$ 250,000.00
	50061910	Consumers Power Company	\$ 311,889.00
	50061920	Waste System Authority of Eastern Montgomery County	\$ 215,392.00
	50061985	AIG	\$ 260,000.00
	50061986	AIG	\$ 250,000.00
	50061998	City of Two Rivers	\$ 5,000.00
	50062000	Village of Third Lake	\$ 75,000.00
	50062044	Continental Casualty Company	\$ 5,117,000.00
	50062050	Rayford Hudson	\$ 1,440,000.00
	50062053	City of Chicago	\$ 100,000.00
	50062099	New Jersey DEP	\$ 239,610.00
	50062137	ACE-INA Overseas Insurance	\$ 740,799.00
	64016602	National Resource Recovery, Ltd	\$ 50,000.00
	64016613	County Commissioners of Worcester County	\$ 300,000.00
	64016621	New England Power Company	\$ 340,788.00
	64016622	ISO New England, Inc, in its individual capacity and on behalf of the participants in the ISO's	\$ 20,885.22
	64016624	ACE-INA Overseas Insurance	\$ 21,350,000.00
	64016626	City of Phoenix — Aviation Department	\$ 54,000.00
	64016628	ISO New England Inc.	\$ 47,493.04
	64016635	City of Winters	\$ 14,000.00

Issuing Bank	Instrument ID	Beneficiary Name	Amount
	64016640	PJM Interconnection, LLC	\$ 367,000.00
	64016649	ISO New England, Inc.	\$ 28,000.00
	64016650	PJM Interconnection, LLC	\$ 332,200.00
	64016654	Commonwealth of Pennsylvania	\$ 9,500.00
	64016655	The Bank of NY Mellon	\$ 10,138,889.00
	64016661	ISO New England, Inc.	\$ 53,730.33
	64016664	US Bank National Association	\$ 10,180,556.00
	64016672	County of Monmouth New Jersey	\$ 200,000.00
	68012181	City of Santa Clarita	\$ 250,000.00
	68031686	Bank of NY Mellon	\$ 6,657,879.00
	68031687	Bank of NY Mellon	\$ 8,519,656.00
	7269871	Insurance Company of North America (ACE)	\$ 582,000.00
	7316489	City of Mission Viejo	\$ 250,000.00
	7403099	State of Nevada Dept of Insurance	\$ 100,000.00
	7404298	Charter Township of Orion	\$ 100,000.00
	7404522	City of Chicago	\$ 5,000.00
	7404577	City of Chicago	\$ 5,000.00
	7404789	US Bank Trust NA	\$ 15,070,000.00
	7412800	Deutsche Bank Trust Company	\$ 10,118,357.00
	C7316467	City of Norco	\$ 15,000.00
	213002	National Union Fire Insurance	\$ 9,467,000.00
	1303916	Commissioner, NY	\$ 8,459,697.00
	7400154	Lumbermen's Underwriting	\$ 350,000.00
	7404115	City of Diamond Bar	\$ 125,000.00
	7411564	Commissioner of Insurance	\$ 17,750,000.00
	7412006	Director	\$ 8,000,000.00
	50060791	Prairie Crossing HOA	\$ 10,000,000.00
	50060807	Reliance Insurance Company	\$ 1,373,000.00
	50061032	Pennsylvania Manufacturing	\$ 2,300,000.00
	50061478	Commonwealth of Pennsylvania	\$ 6,485,433.00
	50061801	National Union Fire Insurance	\$ 10,863,137.00
	50062136	New Jersey Department	\$ 5,845,257.00
	50062140	National Union Fire Insurance	\$ 250,000.00
	64016606	Consumers Energy Company	\$ 32,000.00
	64016688	Wayne County Airport Authority	\$ 10,000.00
	64016689	AEP Ohio	\$ 54,000.00
	64016690	Tennessee Valley Authority	\$ 72,000.00
	64551002	County Administrator	\$ 22,024.00
	64551004	Tennessee Valley Authority	\$ 24,000.00
	64551003	County Administrator	\$ 36,150.00
	64551005	First Energy Service Company	\$ 439,200.00
	64551007	Village of Richmond	\$ 25,000.00
	64551008	McHenry County Treasurer	\$ 364,755.25
	64551010	Commonwealth Edison Co.	\$ 248,000
	64551009	Ameren Illinois Co.	\$ 10,000
			\$ 400,118,709.84
Bank of New York Mellon	S00056987	Borough of Palmyra	\$ 50,000.00
			\$ 50,000.00
BNP	S401645	City of Del Mar	\$ 100,000.00
			\$ 100,000.00

Issuing Bank	Instrument ID	Beneficiary Name	Amount	
JP Morgan Chase	P010300 (867678)	The Bank of New York, as Trustee	\$ 5,793,498.00	
	P010301 (867885)	The Bank of New York, as Trustee	\$ 4,414,094.00	
	P010302 (867886)	The Bank of New York, as Trustee	\$ 20,323,221.00	
	P224678 (1445690)	National Union Fire Ins Co	\$ 99,400.00	
	P224680 (1455132)	National Union Fire Ins Co	\$ 900,000.00	
	P224681 (1459334)	National Union Fire Insurance Company	\$ 1,911,666.00	
	P224694 (1449058)	California Regional Water Quality Control Board	\$ 203,400.00	
	P225252	Bank of New York	\$ 20,279,452.06	
	P225809	Bank of New York	\$ 10,118,357.00	
	P227887	Bank of New York	\$ 20,236,713.00	
	P228576	Bank of New York	\$ 14,327,593.00	
	P230274	Bank of New York	\$ 10,118,357.00	
	P230584	Bank of New York	\$ 20,236,713.00	
	P231095	Deutsche Bank Trust Company	\$ 14,165,699.00	
	P231096	Deutsche Bank Trust Company	\$ 25,295,891.00	
	P231097	Deutsche Bank Trust Company	\$ 4,755,628.00	
	P231098	Deutsche Bank Trust Company	\$ 20,236,713.00	
	P232178	Bank of New York	\$ 25,295,891.00	
	P247295	Deutsche Bank Trust Company	\$ 35,414,247.00	
	TFTS821440	Nevada Power Company	\$ 246,000.00	
	TFTS838883	Southeastern Public Service Authority of Virginia	\$ 5,000,000.00	
	TFTS841563	City of La Habra	\$ 100,000.00	
	TFTS864324	Village of Germantown	\$ 20,000.00	
	TFTS867061	Exxon Mobil Corporation	\$ 3,400,000.00	
	TFTS875152	Village of Germantown	\$ 20,000.00	
	TFTS881373	Pennsylvania Department of Environmental Protection (PA DEP), Bureau of Waste Management	\$ 10,000.00	
	TFTS889901	Charter Township of Orion	\$ 6,900.00	
	TFTS889904	Charter Township of Orion	\$ 92,000.00	
	TFTS907859	County of Ventura Public Works Agency	\$ 1,000,000.00	
	TFTS917985	County of Santa Barbara	\$ 573,000.00	
	TPTS265736	Bank of New York	\$ 20,230,137.00	
	TPTS747619	City of Ann Arbor	\$ 250,000.00	
	TPTS761990	Sutton Brook Disposal Area Superfund Site Group Settlement Account Trust	\$ 3,360,104.00	
				\$ 288,434,674.06
	PNC	18102759	ACE Insurance Company	\$ 53,600,000.00
		18102837	Cumberland Improvement Authority	\$ 400,000.00
		18103139	City of Elk Grove	\$ 140,000.00
		18103294	Liberty Mutual Insurance Company	\$ 500,000.00
		18104131	County of Frederick, VA	\$ 670,103.68
		18104190	Town of Salina	\$ 40,045.60
18104577		The Port Authority of New York and New Jersey	\$ 90,000.00	
18109587		City of Crystal Lake	\$ 81,720.00	
18110148		City of Crystal Lake	\$ 576,168.00	

Issuing Bank	Instrument ID	Beneficiary Name	Amount
	18110471	Deutsche Bank Trust Company	\$ 11,130,192.00
	18110472	The Bank of New York, as Trustee	\$ 25,295,891.00
	18110584	Deutsche Bank Trust Company	\$ 7,538,176.00
	18111125	City of Spokane Valley	\$ 15,219.72
	18111692	City of Simi Valley	\$ 5,000.00
	18111741	New Jersey DEP	\$ 58,500.00
	18111745	Roy City	\$ 150,000.00
	18111758	State of Illinois c/o Illinois EPA	\$ 218,750.00
	18111906	City of Moorpark	\$ 20,000.00
	18112080	Canadian National Railway and Subsidiaries	\$ 25,000.00
	18112161	City of Santa Clarita	\$ 20,000.00
	18112292	San Joaquin Valley Unified Air Pollution Control District	\$ 50,000.00
	18114751	Borough of Palmyra	\$ 50,000.00
	18114752	City of New York	\$ 29,640,000.00
	18114753	City of New York	\$ 19,344,179.00
			\$ 149,658,945.00
Wells Fargo/ Wachovia	LC870-093799	State Street Bank and Trust Company	\$ 36,686,795.00
	LC870-097201	State Street Bank and Trust	\$ 2,500,000.00
	LC870123638	Bank of New York	\$ 20,346,667.00
	LC870123639	Bank of New York	\$ 10,173,334.00
	SM203351W	Commissioner, New York State Dept. of Environmental Conservation	\$ 68,657,993.00
	LC870-112455 (80005)	Bank of New York	\$ 15,260,000.00
	LC870099286	Bank of New York	\$ 10,376,667.00
	SM204054W	Bank of New York	\$ 15,177,535.00
	SM204597W	Deutsche Bank Trust Company	\$ 10,121,644.00
	SM204784W	Deutsche Bank Trust Company	\$ 30,355,069.00
	SM205508W	Deutsche Bank Trust Company	\$ 3,769,088.00
	SM205509W	Deutsche Bank Trust Company	\$ 4,224,414.00
	SM205510W	Deutsche Bank Trust Company	\$ 4,401,485.00
			\$ 232,050,691.00
<b>Grand Total:</b>			<b>\$ 1,070,413,019.90</b>

**LITIGATION**

See the disclosure provided in (1) the "Litigation" section of Note 8, Commitments and Contingencies, to Borrower's condensed consolidated financial statements included within its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011 and (2) the "Litigation" section of Note 11, Commitments and Contingencies, to Borrower's consolidated financial statements included within its Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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**ENVIRONMENTAL COMPLIANCE**

See the disclosure provided in (1) Note 2, Landfill and Environmental Remediation Liabilities and the “*Environmental Matters*” and “*Litigation*” sections of Note 8, Commitments and Contingencies, to Borrower’s condensed consolidated financial statements included within its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011 and (2) Note 4, Landfill and Environmental Remediation Liabilities, and the “*Environmental Matters*” and “*Litigation*” sections of Note 11, Commitments and Contingencies, to Borrower’s consolidated financial statements included within its Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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## EXISTING INDEBTEDNESS

Name	Principal	Maturity
<b>Waste Management Holdings Senior Notes:</b>		
\$450,000,000 due 08/01/26	\$ 448,975,000	8/1/2026
<b>Total WM Holdings Senior Notes</b>	<b>\$ 448,975,000</b>	
<b>Tax Exempt Revenue Bonds:</b>		
Amelia, Virginia due 4/1/27	\$ 26,800,000	4/1/2027
Arkansas due 6/01/28	15,000,000	6/1/2028
Brazoria County	12,000,000	5/1/2028
Bucks County due 12/01/22	25,000,000	12/1/2022
California CPCFA	35,700,000	11/1/2038
California CPCFA 2005A	50,000,000	4/1/2025
California CPCFA 2005B	50,000,000	4/1/2025
California CPCFA 2005C	75,000,000	11/1/2023
California CPCFA due 1/1/22	48,500,000	1/1/2022
California CPCFA due 12/01/27	15,000,000	12/1/2027
California CPCFA due 7/01/31	19,000,000	7/1/2031
California CPCFA due 7/1/27	38,435,000	7/1/2027
California Municipal Finance Authority	15,000,000	9/1/2014
California Municipal Finance Authority - 2008 Issuance	33,900,000	2/1/2019
California Municipal Finance Authority - 2009A	30,000,000	2/1/2039
Charles City (Virginia due 2/1/29)	30,000,000	2/1/2029
Charles City (Virginia)	10,000,000	8/1/2027
Charles City (Virginia) due 4/1/27	10,000,000	4/1/2027
Chesser A due 4/1/18	4,450,000	4/1/2018
City of Granite City Illinois due 5/1/27	30,320,000	5/1/2027
City of Minor Lane Heights due 3/1/21	11,000,000	3/1/2021
City of Mobile	4,175,000	10/1/2038
Cobb County Series 2004A	10,000,000	4/1/2033
Cobb County Series 2004B	10,000,000	4/1/2033
Colorado due 7/1/27	14,160,000	7/1/2027
Colorado due 8/1/38	10,000,000	8/1/2038
Colorado Series 2004	10,840,000	7/1/2018
Countryside (Lake County) due 4/1/21	5,670,000	4/1/2021
Countryside (Lake County) due 9/1/21	4,320,000	9/1/2021
County of Logan due 3/1/21	7,450,000	3/1/2021
CSCDA due 4/1/11	25,000,000	4/1/2011
Denton County (TX 2003B)	10,000,000	5/1/2028
East Central Alabama	3,725,000	10/1/2038
Gilliam County	15,000,000	7/1/2038
Gilliam County (2007)	25,000,000	10/1/2018
Gilliam County due 07/01/29	25,000,000	7/1/2029
Gilliam County due 08/01/25	15,900,000	8/1/2025
Gloucester (VA 2003A)	10,000,000	9/1/2038
Gulf Coast Series 2004A	35,000,000	4/1/2019

Name	Principal	Maturity
Hampton (Wachovia) due 4/1/13	10,000,000	4/1/2013
Hampton due 9/1/28	10,000,000	9/1/2028
Harris County (Gulf Coast)	25,000,000	4/1/2012
Harrison County (West Virginia due 4/1/24)	8,420,000	4/1/2024
Illinois due 10/1/2023	20,000,000	10/1/2023
Illinois due 4/1/13	30,000,000	4/1/2013
Illinois due 8/1/2029	30,000,000	8/1/2029
Illinois due 9/1/27	30,000,000	9/1/2027
Indiana due 10/01/25	14,000,000	10/1/2025
Indiana due 10/01/25	25,000,000	10/1/2025
Indiana due 10/01/31	10,000,000	10/1/2031
King George due 6/1/23	20,000,000	6/1/2023
King George due 9/1/21 (Gamet)	19,890,000	9/1/2021
Maine	13,500,000	11/1/2015
Maine	30,000,000	2/1/2016
Maricopa (Arizona) due 12/01/31	15,580,000	12/1/2031
Maryland due 4/1/16	10,200,000	4/1/2016
Massachusetts	15,000,000	6/1/2014
Massachusetts due 5/1/27	15,000,000	5/1/2027
Miami Dade County Series 2004A	11,500,000	12/1/2018
Miami Dade County Series 2004B	11,500,000	12/1/2018
Miami Dade County Series 2006	25,000,000	10/1/2018
Miami Dade County Series 2007	25,000,000	9/1/2027
Miami Dade County Series 2008	25,000,000	8/1/2023
Michigan due 12/1/2012	35,000,000	12/1/2012
Michigan due 12/1/2013	22,000,000	12/1/2013
Michigan due 8/1/2027	35,000,000	8/1/2027
Michigan Strategic Fund	13,000,000	12/1/2013
Mission, TX Series 2006	41,750,000	12/1/2018
Mississippi due 3/1/27	10,000,000	3/1/2027
Mississippi due 3/1/29	10,000,000	3/1/2029
Mississippi due 7/1/2017	20,000,000	7/1/2017
Mississippi due 7/1/28	10,000,000	7/1/2028
Nashville (Tennessee) due 8/01/31	10,000,000	8/1/2031
Nebraska	10,000,000	11/1/2033
Nevada due 10/01/14	10,000,000	10/1/2014
New Jersey due 11/01/13	20,000,000	11/1/2013
New Jersey due 6/01/15	15,000,000	6/1/2015
New Jersey due 6/01/15	10,000,000	6/1/2015
New York City due 12/1/17	20,000,000	12/1/2017
New York City due 5/1/19	25,000,000	5/1/2019
New York due 5/1/12	31,000,000	5/1/2012
New York Series 2004A	20,000,000	7/1/2017
North Carolina due 8/01/14	6,500,000	8/1/2014
North Sumter, AL	4,350,000	10/1/2038
Ohio WDA due 11/1/22	45,865,000	11/1/2022
Ohio WDA due 6/1/13	25,000,000	6/1/2013
Ohio WDA due 7/1/21 (Series 2004)	15,000,000	7/1/2021
Okeechobee due 8/1/24	15,000,000	8/1/2024
Okeechobee Series 2004A	15,970,000	7/1/2039
Oklahoma	10,000,000	12/1/2021
Pennsylvania	4,000,000	11/1/2021
Pennsylvania	20,000,000	11/1/2021
Pennsylvania	30,000,000	11/1/2021

Name	Principal	Maturity
Pennsylvania	40,000,000	9/1/2013
Pennsylvania	14,000,000	10/1/2027
Pennsylvania Series 2009	100,000,000	12/1/2033
Rhode Island Series 2004A	8,000,000	4/1/2016
Richland (SC) due 6/1/15	10,000,000	6/1/2015
Savannah Series 2004A	5,000,000	7/1/2016
Schuylkill/Pine Grove due 10/1/19	11,700,000	10/1/2019
South Carolina	12,500,000	11/1/2016
South Carolina 2008 Issue	15,000,000	2/1/2015
South Carolina Series 2003A	15,000,000	7/1/2024
State of New Hampshire	15,000,000	8/1/2024
State of New Hampshire due 5/1/27	20,000,000	5/1/2027
State of New Hampshire due 9/1/12	20,000,000	9/1/2012
Sussex Co. Virginia	10,000,000	9/1/2027
Sussex County	10,000,000	6/1/2028
SW Illinois due 10/1/2027	4,700,000	10/1/2027
Tennessee - 2003	25,000,000	7/1/2033
Tennessee - 2006	22,000,000	7/1/2012
Texas due 8/1/20 (Mission EDC)	67,000,000	8/1/2020
Travis County (Texas 2003C)	12,000,000	5/1/2028
Washington due 10/1/25	13,650,000	10/1/2025
Washington due 10/1/25	13,650,000	10/1/2025
Washington due 10/1/27	20,000,000	10/1/2027
Washington due 11/1/2017	27,000,000	11/1/2017
Washington due 12/1/25	7,235,000	12/1/2025
Washington due 2/1/26	22,000,000	2/1/2026
Washington due 6/1/20	30,000,000	6/1/2020
Washington due 7/1/30	20,000,000	7/1/2030
Wisconsin Series 2003	50,000,000	4/1/2016
Wisconsin Series 2006A	30,000,000	11/1/2016
Wisconsin Series 2007A	20,000,000	12/1/2014
Wood County due 4/1/24	6,580,000	4/1/2024
Yavapai (Arizona) due 3/1/28	17,420,000	3/1/2028
Yavapai (Arizona) due 3/1/28	20,000,000	3/1/2028
Yavapai (Arizona) due 6/1/27	30,000,000	6/1/2027
<b>Total Tax-Exempt Revenue Bonds</b>	<b>\$ 2,599,805,000</b>	
<b>Tax Exempt Project Bonds:</b>		
Concord Debt Series A	\$ 31,315,000	01/01/18
Concord Debt Series B	4,925,000	01/01/18
Gloucester Bonds	32,585,000	12/01/29
Gloucester Bonds	6,930,000	12/01/29
Massachusetts	10,000,000	05/01/27
North Broward	15,480,000	12/01/11
South Broward	14,865,000	06/01/11
<b>Total Tax-Exempt Project Bonds</b>	<b>\$ 116,100,000</b>	

Name	Principal	Maturity
<b>Canada Credit Facility:</b>		
Canada facility debt	\$ 77,347,500	6/9/2011
Canada facility debt	<u>144,382,000</u>	12/9/2011
<b>Total Canada Credit Facility</b>	<u>\$ 221,729,500</u>	
<b>Other</b>		
	\$ 440,496,699	
	<u>\$ 440,496,699</u>	
<b>Total Existing Indebtedness (a)</b>	<u><b>\$ 3,827,106,199</b></u>	

(a) Excludes indebtedness incurred and scheduled payments made subsequent to March 31, 2011.

**ADMINISTRATIVE AGENT'S OFFICE;  
CERTAIN ADDRESSES FOR NOTICES****ADMINISTRATIVE AGENT:****Administrative Agent's Office (for payments and Requests for Credit Extensions):**

Bank of America, N.A.  
901 Main Street  
Mail Code: TX1-492-14-11  
Dallas, Texas 75202-3714  
Attention: Sandra Gonzalez  
Telephone: 214-209-2139  
Telecopier: 214-672-8760  
Electronic Mail: [sandra.h.gonzalez@baml.com](mailto:sandra.h.gonzalez@baml.com)

**Wiring Instructions:**

Account No.: 1292000883  
Reference: Waste Management  
ABA No.: 026-009-593

**Administrative Agent's Office (Other Notices as Administrative Agent):**

- 1) Bank of America, N.A.  
Agency Management  
901 Main Street  
Mail Code: TX1-492-14-11  
Dallas, Texas 75202-3714  
Attention: Ron Naval  
Telephone: 214-209-1162  
Telecopier: 877-511-6124  
Electronic Mail: [ronaldo.naval@baml.com](mailto:ronaldo.naval@baml.com)
  - 2) With copy to:  
Bank of America, N.A.  
100 Federal Street  
Mail Code: MA5-100-09-07  
Boston, MA 02110  
Attention: Maria F. Maia  
Telephone: 617-434-5751  
Telecopier: 980-233-7700  
Electronic Mail: [maria.f.maia@baml.com](mailto:maria.f.maia@baml.com)
-

**L/C ISSUER:**

Bank of America, N.A.  
Trade Operations  
1 Fleet Way  
Mail Code: PA6-580-02-30  
Scranton, PA 18507  
Attention: Mary J. Cooper  
Telephone: 570-330-4235  
Telecopier: 570-330-4186  
Electronic Mail: mary.j.cooper@baml.com

**Wiring Instructions:**

Account No.:	1292000883
Reference:	Waste Management
ABA No.:	026-009-593

**RESIGNATION AGREEMENT**

This Resignation Agreement ("Agreement") is entered into as of the 14th day of June, 2011 by and between Waste Management, Inc. (the "Company"), and Michael Jay Romans ("Romans").

This Agreement is binding upon, and extends to, the parties and their past and present officers, directors, employees, shareholders, parent corporations, subsidiaries, affiliates, partners, agents, representatives, heirs, executors, assigns, administrators, successors, predecessors, family members, d/b/a's, assumed names, and insurers, whether specifically mentioned hereafter or not. A reference to a party in this Agreement necessarily includes those persons and/or entities described in the foregoing sentence.

**WITNESSETH:**

*WHEREAS*, Romans and the Company previously entered into that certain Employment Agreement dated January 25, 2007 (the "Employment Agreement"); and

*WHEREAS*, Romans has been employed by and has served as Senior Vice-President, People since January 25, 2007; and

*WHEREAS*, Romans has notified the Company of his desire to voluntarily resign from the Company without "Good Reason" as such term is defined in Section 5(d) and governed by Section 6(d) of the Employment Agreement; and

*WHEREAS*, the parties now jointly desire to amend and supplement the employment relationship and the Employment Agreement effective immediately, on the terms and conditions hereinafter set forth; and

*NOW, THEREFORE*, in consideration of the premises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**1. Termination of Employment.** Pursuant to Romans' voluntary resignation from the Company without Good Reason (as defined in the Employment Agreement), the employment relationship between the Company and Romans will terminate on January 30, 2012 ("Employment Termination Date").

**2. Post-Notification Employment With The Company.** The Company shall continue to employ Romans, and Romans shall continue to be employed by the Company upon the terms and subject to the conditions set forth in this Agreement. The period of Romans' continued employment with the Company under this Agreement shall commence on June 14, 2011, and shall continue until the Employment Termination Date ("Continued Employment Period"). During the Continued Employment Period, Romans shall perform such duties and have such responsibilities as may be assigned to him from time to time by the Company's Executive Vice President — Growth, Innovation and Field Support. It is expressly agreed that

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Romans' duties and responsibilities during such Continue Employment Period shall be limited to providing advice and consulting support on executive-level projects as requested (including, but not limited to, transition and assisting and counseling his successor). Romans will not be expected to manage the day-to-day activities of the People Department. Romans is not required to be present at the Company's offices unless specifically requested. The Company will reimburse Romans for all reasonable out-of-pocket business expenses incurred by Romans in accordance with the Company's customary practices and policies. It is agreed that from the effective date of this Agreement until his resignation, Romans will not be precluded from performing work for any other entity as long as such work does not violate the terms of his Employment Agreement.

It is expressly agreed that nothing in this Paragraph 2 (including, but not limited to, the change in Romans' duties and responsibilities, the change in Romans' reporting requirements, or any change in the geographic location of his work) shall in any way be interpreted or construed as a "Good Reason" event as defined in Section 5(d) of the Employment Agreement or otherwise require the Company to pay to Romans the post-employment severance amounts set forth in Section 6(e) of the Employment Agreement. It is Romans' express intent to voluntarily resign from the Company without "Good Reason" in order that he may begin his retirement, and that the continued employment during the Continued Employment Period is to give Romans the opportunity to meet the requirements for a qualified "Retirement" under those certain Stock Option Award Agreements and Performance Share Unit Award Agreements discussed in Paragraph 4 below.

### **3. Continued Employment Period Compensation and Benefits.**

(a) During the Continued Employment Period, the Company shall continue to pay Romans his base salary, currently set at the annual rate of Four Hundred Fourteen Thousand Twenty-Seven and 00/100ths Dollars (\$414,027.00) ("Base Salary"). Such Base Salary shall be paid in accordance with the Company's standard payroll practice.

(b) For calendar year 2011, Romans will continue to be eligible to participate in the Company's annual incentive compensation plan. Romans' target annual bonus will be seventy-five percent (75%) of his Base Salary (the "Target Bonus"). Romans' actual annual bonus may range from 0% to 150% of his Base Salary, such determination based upon the achievement of certain Company financial performance goals, as may be established and approved by the Compensation Committee of the Company's Board of Directors. Such bonus, if any, will be paid at such time as other similarly-situated executive employees are paid their bonuses in 2012. Romans must remain employed with the Company as of December 31, 2011 in order to be eligible to receive such bonus. Romans will not be eligible for any bonus for calendar year 2012.

(c) During the Continued Employment Period, and subject to the terms of such plans, Romans shall continue to be eligible to participate in the Company's group health and dental benefits plan, life insurance plan, and short-term and long-term disability plans generally made available to similarly-situated executive employees. Upon his termination of continued employment herein, Romans may elect COBRA participation for eighteen (18) months in the Company's group health and/or dental insurance coverage to the same extent as he participated

in such plans as of his employment termination date. Romans will be solely responsible for the timely payment of any COBRA premiums.

(d) During the Continued Employment Period, Romans shall not be entitled to any other compensation or benefits for his employment with the Company. Romans will not receive any further grants of equity-based compensation after December 31, 2011.

**4. Acknowledgement of Previously-Granted Equity Awards.** The parties acknowledge that Romans previously received stock option grants on or about March 9, 2010 and on or about March 9, 2011 pursuant to certain Stock Option Award Agreements. Both stock option grants were awarded pursuant to the Company's 2009 Stock Incentive Plan. According to Section 2(b) of each Stock Option Award Agreement, if Romans' termination of employment is due to "Retirement" (as defined therein), the options shall continue to become exercisable for three years following his termination of employment and once exercisable, shall remain exercisable for the three-year period following his termination of employment. The parties acknowledge and agree that if Romans continues his employment hereunder until January 26, 2012, then he will meet the definition of "Retirement" under the applicable Stock Option Award Agreement. The 2009 Stock Incentive Plan and the referenced March 9, 2010 and March 9, 2011 Stock Option Award Agreements are incorporated herein by reference as if fully set out verbatim. Notwithstanding anything herein to the contrary, the terms and conditions of the 2009 Stock Incentive Plan and the Stock Option Award Agreements shall govern.

The parties further acknowledge that Romans previously received certain Performance Share Units ("PSU's") in calendar years 2009, 2010, and 2011 pursuant to certain Performance Share Unit Award Agreements. The parties acknowledge and agree that if Romans continues his employment hereunder until January 26, 2012, he will meet the definition of "Retirement" under each Performance Share Unit Award Agreement. Section 6 of each Performance Share Unit Award Agreement provides that upon "Retirement" by Romans, he shall be entitled to receive a prorated share of the PSU's at the end of each respective Performance Period. The Performance Share Unit Award Agreements referenced in this paragraph are incorporated herein by reference as if fully set out verbatim. Notwithstanding anything herein to the contrary, the terms and conditions of the Performance Share Unit Award Agreements shall govern.

**5. Settlement and Acquisition of Goodwill.** Romans waives and releases any and all claims that the restrictive covenants contained in Paragraph 10 of the Employment Agreement (the "Employment Agreement Restrictive Covenants") are not enforceable or are against public policy. Romans covenants not to file a lawsuit or arbitration proceeding, pursue declaratory relief, or otherwise take any legal action to challenge the enforceability of the Employment Agreement Restrictive Covenants. The parties agree that the promise of continued employment and the compensation and benefits associated with same referred to in Paragraphs 2 and 3 are, in part, consideration for the settlement of all disputes regarding the enforceability and application of Employment Agreement Restrictive Covenants, and are payment for exclusive right to the business goodwill, trade secrets, and confidential information developed by Romans in the course of his employment with the Company. To help preserve the value of the goodwill, trade secrets, and confidential information acquired herewith, it is agreed that Romans will comply with the Employment Agreement Restrictive Covenants (incorporated herein by reference) for the periods of

time set forth therein. It is specifically agreed that the two-year Restricted Term set forth in Paragraph 10 of the Employment Agreement and the restrictions provided for therein shall commence upon Romans' termination of employment with the Company. In the event that the Company, in its sole discretion, determines that Romans has engaged in activities that violate the Employment Agreement Restrictive Covenants, the Company shall have the right to discontinue and terminate Romans' employment. Such termination of employment shall be in addition to and shall not limit injunctive relief and/or any and all other rights and remedies that the Company may have against Romans under the Employment Agreement or this Agreement.

**6. Assistance and Cooperation.** Romans agrees that he will cooperate fully with the Company and its counsel, upon their request, with respect to any proceeding (including any litigation, arbitration, regulatory proceeding, investigation or governmental action) that relates to matters with which Romans was involved while he was an employee of the Company or with which he has knowledge. Romans agrees to render such cooperation in a timely fashion and to provide Company personnel and the Company's counsel with the full benefit of his knowledge with respect to any such matter. The Company shall reimburse Romans for actual and reasonable costs and expenses, including reasonable attorneys fees, related to his assistance in such matters. Romans will remain an elected officer of the Company until the Employment Termination Date. Accordingly, Romans will be entitled to the benefit of the indemnity and expense reimbursement provisions in Article Eighth of the Company's Third Amended and Restated Certificate of Incorporation and Article X of the Company's Bylaws, all subject to the provisions thereof and to applicable Delaware law.

**7. Choice of Laws.** This Agreement is made and entered into in the State of Texas, and shall in all respects be interpreted, enforced and governed under the laws of the State of Texas. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

**8. Severability.** Should any provision of this Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term, or provision shall be deemed not to be a part of this Agreement.

**9. Complete Agreement.** The parties hereto agree that the Employment Agreement (including any other amendments thereto) as modified by this Agreement, contains the full and final expression of their agreements with respect to the matters contained therein, and acknowledge that no other promises have been made to or by any of the parties that are not set forth in these Agreements.

The parties agree that neither the offer of, nor the execution of, this Agreement will be construed as an admission of wrongdoing by anyone. Instead, this Agreement is to be construed solely as a reflection of the parties' desire to facilitate a peaceful separation of employment and to make sure there are no unresolved issues between them.

IN WITNESS WHEREOF, this Agreement is EXECUTED and EFFECTIVE as of the day set forth above.

**MICHAEL JAY ROMANS**  
("Romans")

/s/ Michael Jay Romans  
Michael Jay Romans

**WASTE MANAGEMENT, INC.**

By: /s/ David P. Steiner  
David P. Steiner  
Chief Executive Officer

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David P. Steiner, certify that:

1. I have reviewed this report on Form 10-Q of Waste Management, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15 (f) and 15d — 15 (f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DAVID P. STEINER  
David P. Steiner  
*President and Chief Executive Officer*

Date: July 28, 2011

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert G. Simpson, certify that:

1. I have reviewed this report on Form 10-Q of Waste Management, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15 (f) and 15d — 15 (f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ROBERT G. SIMPSON  
Robert G. Simpson  
*Senior Vice President and Chief Financial Officer*

Date: July 28, 2011

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Waste Management, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David P. Steiner, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID P. STEINER

David P. Steiner

*President and Chief Executive Officer*

July 28, 2011

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Waste Management, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Simpson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ ROBERT G. SIMPSON  
Robert G. Simpson  
*Senior Vice President and Chief Financial Officer*

July 28, 2011